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LEGISLATIVE HISTORY

Public Law 85-105 -- 85th Congress

S. 609

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Index and Summary of History on S. 609

January 14, 1957	Senator Ellender introduced (by USDA request) S. 609 which was referred to Senate Agriculture and Forestry Committee. Print of bill.
April 9, 1957	Rep. Cooley introduced H. R. 6764. Print of bill as referred to House Agriculture Committee.
June 13, 1957	House Subcommittee ordered H. R. 6764 reported.
June 14, 1957	Senate Committee ordered S. 609 reported without amendment.
June 17, 1957	Senate Committee reported S. 609 without amendment. Print of bill and Senate Report 456.
June 26, 1957	House Committee reported with amendment H. R. 6764. Print of bill and House Report 646.
July 1, 1957	House passed as reported H. R. 6764. Subsequently substituted language in S. 609, passed with amendment S. 609, and laid H. R. 6764 on table.
July 2, 1957	Senate agreed to House amendment to S. 609.
July 17, 1957	Approved (Public Law 85-105).

House Agriculture Committee held hearings (included in this history).

PEANUTS

HEARINGS
BEFORE THE
SUBCOMMITTEE ON PEANUTS
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-FIFTH CONGRESS
FIRST SESSION
ON
H. R. 6288, H. R. 6565, H. R. 6570, and H. R. 6764

JUNE 6, 13, JULY 17, 23, AND AUGUST 20, 1957

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PEANUTS

THURSDAY, JUNE 6, 1957

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PEANUTS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to call, at 10 a. m., in room 1310, New House Office Building, Hon. John L. McMillan (chairman of the subcommittee) presiding.

Mr. McMILLAN. The committee will come to order.

The purpose of the meeting this morning is to take up H. R. 6570, a bill introduced by our colleague, Mr. Matthews, of Florida, and H. R. 6565, a companion bill by Mr. Cramer, of Florida.

(H. R. 6570 and report are as follows:)

[H. R. 6570, 85th Cong., 1st sess.]

A BILL To amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 359 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1359 (c)), be amended to read as follows:

"(c) The word 'peanuts' for the purposes of this Act shall mean all peanuts produced, excluding any peanuts which it is established the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm, or were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts. Any producer who establishes to the satisfaction of the Secretary, in accordance with regulations issued by the Secretary, that any peanuts marketed by such producer of the 1954, 1955, or 1956 crop were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts shall be relieved from any liability for penalties under this section in connection with the marketing of such peanuts, and if such producer has paid the penalty under this section in connection with the marketing of such peanuts he shall be entitled to a refund of such penalties. There is hereby authorized to be appropriated sums as are necessary for the payment of the refunds provided for herein, and in addition sums collected as peanut marketing quota penalties under this section which are on special deposit for refund of excess collections may be used to make the refunds provided for herein.

This amendment shall be effective for the 1957 and subsequent crops of peanuts.

MAY 29, 1957.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H. R. 6570, a bill to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

This Department recommends that the bill be passed.

This bill would revise the definition of "peanuts" so as to exclude from the allotment and marketing-quota provisions of the act peanuts which are marketed

by the producer before drying or removal of moisture either by natural or artificial means for consumption exclusively as boiled peanuts. We strongly feel that this action is necessary in order to alleviate undue hardship which now results when marketing penalties are assessed on green peanuts marketed for consumption exclusively as boiled peanuts.

Recent investigations conducted by this Department reveal that there is no material degree of competition between green peanuts marketed for boiling purposes and dry peanuts which move in regular commercial channels. Boiled peanuts are handled in exactly the same manner as a fresh vegetable. A farmer can only dig at one time that quantity of green peanuts that he can dispose of immediately. If green peanuts are not placed in cold storage soon after being harvested they will spoil. In cold storage they remain edible for approximately 2 weeks. The peanuts are usually delivered by farmers to produce houses in bushel baskets the same day they are harvested. The produce companies sell them to local grocery stores and they are placed on the produce counters in these stores along side of fresh corn, beans, and like products. The large majority of green peanuts are sold exclusively for table use.

Green peanuts cannot be harvested satisfactorily by mechanical means. The nuts must be removed from the vines by hand, therefore, about the only farmers who can economically raise green peanuts for market are those farmers who have large families, and even then the acreage of green peanuts on any one farm is relatively small.

If this legislation is enacted it will provide additional income for a large number of farmers outside of the commercial peanut-producing area. Today the production of green peanuts is inadequate to meet the demand. Thus, the enactment of this bill will in no way interfere with the operation of the current peanut-marketing quota and price-support programs.

The enactment of this proposed bill probably would not require the appropriation of additional funds even though such appropriation would be authorized. Penalties collected on the marketing of green peanuts from the 1954, 1955, and 1956 crops are authorized for refund to the producers, however, it appears that sufficient funds would be available from marketing quota penalties now held in special deposit accounts.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

Mr. MATTHEWS. Our colleague, Congressman Cramer, has an identical bill and he is with us this morning.

Mr. McMILLAN. The committee would like to hear from Mr. Cramer at this time.

STATEMENT OF HON. WILLIAM C. CRAMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. CRAMER. Thank you very much, Mr. Chairman and members of the committee. I have a very brief statement I would like to submit for the record at this time plus a telegram from John F. Lee, president of the Hillsborough County Farm Bureau.

Very briefly, Mr. Chairman and members of the committee, this matter came to my attention through Mr. Lee during last year when I had occasion to discuss with him some farm problems. This one came up at that time. Since that time, thanks to the fine cooperation of the Department of Agriculture, Mr. Peterson, Assistant Secretary, had occasion to visit the area and went over this problem with the people involved. As a result of that visit, plus thorough investigation by the Department of Agriculture of the situation and the need for this legislation it was determined by the Department of Agriculture that such legislation would be justified and I believe there is a representative of the Department to testify to that effect.

So far as the legislation itself is concerned it affects only green peanuts. I had the privilege of introducing H. R. 6565, which is identical with the bill introduced by my distinguished colleague from Florida, Mr. Matthews, H. R. 6570. I believe the problem actually originated in my district and the Department of Agriculture took an interest in it as a result of the investigations in the district concerning the matter.

It affects only green peanuts, which is a delicacy in the South and other places. It does not in any way affect the other types of peanuts used for oil and roasting. In Hillsborough County there are not enough green peanuts available to serve the market. These people only want the opportunity of raising sufficient peanuts to be used solely for green peanut purposes. At the present time, as a matter of fact, in Hillsborough County there are only four acreage allotments for a total of 15.3 acres.

It is my understanding that on a complete study of the problem by the Department and the conferences with the Department it was recommended that legislation was needed to offer the relief that we are asking today.

There is one provision in the bill which I believe warrants your favorable recommendation—the return of penalties assessed against farmers producing green peanuts for the years 1954, 1955, and 1956. Only a small amount of money is involved, and I feel the assessments were restrictive and unjust under the present act and under the present circumstances.

I trust the committee will favorably report the bill.

I have a telegram as I say from Mr. Lee which I would like to read very briefly.

It is impossible for me to be in Washington—

He had intended to come up—

The farmers in this area, including the 2,000 members of the Hillsborough County Farm Bureau, heartily endorse this bill and urge you to continue your efforts in our behalf. Present allotments provide for only approximately one-third of the local demand for green peanuts; a perishable commodity, not in competition with peanut oil or the dried-peanut market. Therefore present inadequate quotas deprive our farmers of needed income and the consumer of opportunity to buy peanuts for boiling.

And so forth.

Mr. Chairman, that concludes my statement.

(The statement, telegram, and bill referred to follow:)

STATEMENT OF HON. WILLIAM C. CRAMER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF FLORIDA

Mr. Chairman, it is a pleasure to appear before this committee today and speak in behalf of legislation before you that will, if passed by this Congress mean the salvation of what is almost exclusively a southern problem in agriculture and mean the preservation of what we know as a traditional food delight in our area.

This committee is considering the proposals of H. R. 6570 which would amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938. I have also introduced a like bill (H. R. 6565) making the same provisions and providing the same relief which I heartily recommend to this committee today.

The green peanut—entirely different from the familiar roasted peanut—is considered a delicacy in the South and is boiled to be eaten between meals or is served as a vegetable with meals. This product is produced in my district on small plots by individual farmers and reaped by hand. It does not compete with the regularly harvested peanuts used for oil and roasting. The crop is not highly

profitable and generally produced by family farm groups because of the labor involved.

In Hillsborough County, Fla., under the present regulations restricting all peanut acreage it is not possible to raise enough of the green peanuts to supply the local markets. To offer relief of this situation and to permit growing of a saleable and desired product legislation must be enacted to eliminate present restrictions of the aforementioned act.

In the past year it was my pleasure to cause the Assistant Secretary of Agriculture to visit this agricultural area and to meet with the farmers affected by these restrictions. At the present time there are only four acreage allotments in Hillsborough County for a total of 15.3 acres. Upon complete study of the problem by the Department of Agriculture and many conferences with representatives of this Department it was recommended that legislation of this type was needed to offer the relief we ask today and to provide a much desired vegetable product to a growing area of the South.

One other provision of the bill before you today certainly warrants my high recommendation to your committee. It is the provision of the bill that would return penalties assessed against farmers producing green peanuts for the years 1954-56. Only a small amount of money is involved and the assessments were, I feel, restrictive and unjust under the present act. I am sure the committee will concur that these fines were wholly due to the presently recognized inequity.

Gentlemen, you have opportunity today to provide relief to small farmers in a concrete way, one of the traditions and certainly a gastronomic pleasure of the South will be maintained, and an injustice rectified through proper legislative means. I strongly urge passage of the measure you have before you.

I would also ask inclusion in the records of your hearings the telegram addressed to me by John F. Lee, president of the Hillsborough County Farm Bureau.

PLANT CITY, FLA., June 5, 1957.

Hon. WM. C. CRAMER,

House of Representatives, Washington, D. C.:

In reply to your telegram received today regret it is impossible for me to be in Washington at hearing on proposed bill to lift allotments on green peanuts. The farmers in this area including the 2,000 members of Hillsborough County Farm Bureau heartily endorse this bill and urge you to continue your efforts on our behalf. Present allotments provide for only approximately one-third of local demand for green peanuts. A perishable commodity—not in competition peanut oil or dried peanut market. Therefore present inadequate quotas deprive our farmers of needed income and the consumer of opportunity to buy peanuts for boiling. Wish you success in your effort to have unfair situation rectified. Thank you for interest shown us. Please advise on outcome.

JOHN F. LEE,

President, Hillsborough County Farm Bureau.

[H. R. 6565, 85th Cong., 1st sess.]

A BILL To amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 359 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1359 (c)) be amended to read as follows:

“(c) The word ‘peanuts’ for the purposes of this Act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm, or were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts. Any producer who establishes to the satisfaction of the Secretary, in accordance with regulations issued by the Secretary, that any peanuts marketed by such producer of the 1954, 1955, or 1956 crop were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts shall be relieved from any liability for penalties under this section in connection with the marketing of such pea-

nuts, and if such producer has paid the penalty under this section in connection with the marketing of such peanuts he shall be entitled to a refund of such penalties. There is hereby authorized to be appropriated sums as are necessary for the payment of the refunds provided for herein, and in addition sums collected as peanut marketing quota penalties under this section which are on special deposit for refund of excess collections may be used to make the refunds provided for herein."

This amendment shall be effective for the 1957 and subsequent crops of peanuts.

Mr. McMILLAN. Any questions?

Mr. ALBERT. First I would like to ask a question regarding the form of the bill. The title of this bill is as broad as all outdoors and would admit of any amendment to the peanut marketing quota provisions of the Agricultural Adjustment Act. This bill might raise collateral issues which are of vital importance to the entire peanut area. That is point No. 1. We should make sure that is taken care of so there is no question about the scope of the bill.

Mr. CRAMER. I appreciate the gentleman's concern.

Mr. ABBITT. May I ask a question on that particular point. I agree 100 percent with what you say and I am wondering if it were on the Consent Calendar would that automatically take care of our problem?

Mr. ALBERT. Once you get unanimous consent to consider a bill all amendments are in order.

Mr. ABBITT. I am talking about the Consent Calendar.

Mr. ALBERT. You call it on the Consent Calendar and the Speaker says, "Is there objection to the present consideration of the bill? The Chair hears none." Amendments are then in order as I understand it.

Mr. MATTHEWS. Mr. Chairman, may I say that I agree 100 percent with what our colleague has said.

Mr. ALBERT. There may be that an amendment to the title or a reintroduction of this bill with a title restricting it would tie it specifically to the point desired to be covered, "to provide for marketing of green peanuts," or whatever you want to call the bill. I would like the Parliamentarian to pass on that before I agree to a bill which has a title which does nothing but amend the peanut marketing quota provision, which might throw open the entire peanut section of the law.

Mr. CRAMER. I agree with the gentleman from Oklahoma that probably the title should be restrictive. In addition to that, it would more clearly indicate to the House exactly what the bill purported to do. I agree wholeheartedly and I do not think this committee will have any difficulty drafting such legislation. As a matter of fact, as far as I am concerned I would prefer that it was reported out as a committee bill, a clean bill, anyway. I think it would strengthen it.

Mr. SMITH. Mr. Chairman, I am ignorant. I want somebody to explain to me what green peanuts are and what they are used for.

Mr. McMILLAN. All I have heard them used for is to sell on the streets. In my hometown there are at least 25 boys on the streets every afternoon after school with their little baskets full of peanuts, 5 cents a package.

Mr. ABBITT. They are dug before they are ripe.

Mr. ALBERT. I have never seen them in Oklahoma or Texas.

Mr. McMILLAN. These peanuts are used before they are matured.

Mr. SMITH. What do you mean by boiled?

Mr. ALBERT. Boil them in water and put them in a sack with water dripping from the bottom of the sack.

Mr. ABBITT. It is like you pick roasting ear corn when it is green and cook it.

Mr. McMILLAN. In real salty water.

Mr. ALBERT. I would like to ask some more questions. Do you want to pursue that?

Mr. SMITH. I want to know what happens to peanuts when they are boiled and they get into the market.

Mr. ALBERT. I think I will reserve my questions for the Department witnesses.

Mr. McMILLAN. There are no further questions?

Mr. CRAMER. Thank you, Mr. Chairman.

Mr. McMILLAN. We have Mr. Merrill, Chief of the Production Program Branch of Oils and Peanuts Division of the Department of Agriculture. Have you any statement you care to make on this bill?

We are certainly glad to have Mr. Thigpen with us today also. For the members who have not been here very long I might say Mr. Thigpen has been a frequent visitor with us for about 10 years. We are glad to have him with us. We have not seen very much of him during the past 4 years. I do not know what happened to him. He must have graduated from us.

STATEMENTS OF JAMES W. MERRILL, CHIEF, PRODUCTION PROGRAM BRANCH, AND J. E. THIGPEN, DIRECTOR, OILS AND PEANUTS DIVISION, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. MERRILL. We have always had a tough problem trying to administer the program because of the green-peanut situation. Most of the green peanuts produced in this country are produced in areas where you do not have normal peanut allotments. A large quantity of them are produced in areas where you do not have any allotment, such as Mr. Cramer's county of Hillsborough. I do not think you have any allotments there. Mr. Matthews has some counties that fall in that same category. A large quantity of these peanuts are produced around the Lake Okeechobee area which, as you well know, is a vegetable area, and there are no allotment crops other than peanuts down there. Therefore, it has been rather difficult for the Department to be able to measure peanut acreage without having to walk over every acre of ground in all of these areas which we do not normally measure. To be perfectly frank, the ones that we have run up against were those that we just sort of stumbled upon. It has been tough to administer.

I personally do not believe that there is any material degree of competition between green peanuts and dried peanuts. There are several different methods of selling these green peanuts. For example, in Belleview, Fla., which is right outside of Ocala, there is a canning plant. I think it is the Wilkes Canning Co. I interviewed Mr. Wilkes with regard to the problem, and he said that he bought the peanuts from farmers for around \$4 a bushel, but he would buy from each farmer only that quantity which the farmer was able to harvest that day. In other words, as Mr. McMillan brought up, if you do

not get them into the canning company immediately, the peanuts are no good and will spoil. It is just like any other perishable vegetable. So the farmer down there digs only as many peanuts as he can separate from the vine in a day's time, and hauls them to a canning company, and he is paid \$4 per bushel. Mr. Wilkes further stated that he could purchase only about a 4 months' supply of peanuts. He said that was all he could buy. During the 4 months he had enough to supply his customers. For the balance of the year he had to turn down orders because peanuts were not available.

Moving on over to Hillsborough County in Florida, we talked to Mr. Lee, whom Mr. Cramer mentioned, along with quite a group of farmers. It bothers them a little bit because there several farmers have been penalized for growing peanuts without an allotment. Because you have so few in that area, the price is around \$7 a bushel. The way they handle them, a man would go into a store and make a contract for so many bushels of peanuts, and he will dig only that many that day and deliver them.

Further down in Florida, around Lake Okeechobee, it is a larger type operation. There, once again, it is a perishable type operation. The peanuts are dug and separated by hand in the field, as has been mentioned before. As of today, to my knowledge, there is no known way to separate these peanuts from the vine by mechanical means. It has to be done by hand. Otherwise, the peanuts become bruised and turn black. They actually go out in the field and plow them and dig them up and then have a crew coming right along behind picking them off by hand and putting them in sacks. Then they are dumped from the sacks into bushel baskets. They are hauled into a produce house of some description and are washed. From there they are put in refrigerated trucks and shipped right to market. We talked to several different people around Miami, Fla., who send their trucks up to buy these peanuts, and they inform me that even under cold storage the peanuts would be edible for only about a 2-week period and that out of cold storage it was just a matter of a day or 2 days. There the peanuts, of course, have been separated from the vine and are sold at the produce counters of grocery stores just like green beans, sweet corn, or any other vegetable.

One point I would like to make is that in each of the areas I have visited I found that this is a family-type operation with the exception of the Lake Okeechobee area. It is an operation where the farmer tries to grow peanuts at a time when vegetables are plentiful everywhere. He grows these peanuts at a time when, if he could not grow peanuts, his labor would just have no farming to do at all. The important thing is that the production of green peanuts is a method of supplementing the income of a large number of small farmers without, in my opinion, damaging the peanut business at all.

On this nickel-and-dime-bag business there is quite a bit of that. That is where you see most of the green peanuts sold. There is some of it in the regular peanut area. But there it is more of an operation where the father tells the son, "You can have 3 or 4 rows of these peanuts out here. You dig them and boil them and sell them on the street."

Mr. MATTHEWS. Will the gentleman yield for one minute? That particular feature was what promoted my attention to it. In my district several of our Negro farmers sell these peanuts at football

games and baseball games. Some of their friends asked me 2 or 3 years ago if there was not some way that we could let them have these peanuts in order to have that small sale. I wanted to emphasize that in my particular district I think that is an important group who would be helped, the little farmer that you are talking about.

Mr. MERRILL. That is right. Another thing is the boiled peanut tastes more like a butter bean than a peanut. It has a soft mushy taste. I had the pleasure of eating some not too long ago. Some of you gentlemen on the committee had the same, I think I might say, pleasure. I can assure you that they do not taste like a peanut. I am not worried one bit about competition.

Mr. CRAMER. At least the introduction of this bill might increase the consumption a little bit.

Mr. ABBITT. These peanuts are boiled in the hulls, are they not?

Mr. MERRILL. Yes, sir. They are boiled in the hull. If they are canned, they are packed in a brine. If you are just going to boil them for local consumption for a child or someone to sell around the tobacco market, where you see a lot of it, they are just dumped in salt water and packaged while they are still wet and warm.

Mr. ABBITT. They are picked when you would call them green?

Mr. MERRILL. Yes, sir.

Mr. ABBITT. Like you pick roasting corn?

Mr. MERRILL. That is right.

Mr. ABBITT. Then can they be canned?

Mr. MERRILL. They can be canned, but it must be canned immediately after picking. The only canning which I have seen is the Wilkes Canning Co. As far as I know, there are only two in the United States and both are down in that area of Florida. They are canned when they are green. They are boiled, canned, and packed in brine. They do not have as good a taste, if either of them has a good taste, as the fresh boiled ones.

(Discussion off the record.)

Mr. SMITH. What happens to these green peanuts if they are left in the ground? They are ordinary, commercial peanuts then?

Mr. ABBITT. Yes. What type of peanut do the people down there that you are talking about use?

Mr. MERRILL. I think they prefer Valencias, but most of them are using runners.

Mr. ALBERT. I would like to ask just a question or two on this matter. Have they been in the past picking these green peanuts from their allotments?

Mr. MERRILL. In the major peanut-producing areas either they have been picking from their allotments or they have been growing only 1 acre of peanuts which is excluded from the program and selling them. The point is that so much of this has occurred outside of the area where you have allotments that I am afraid we have not known about it.

Mr. ALBERT. My concern is that this practice is limited in area.

Mr. MERRILL. Yes, sir.

Mr. ALBERT. We are constantly having complaints from our people about their small allotments and we are right at the point where, in a normal year, our supply and demand for Spanish and runner peanuts pretty well jibe. At least it is fairly close to it. What I am thinking about is, if in addition to their allotments they

are to grow these peanuts in any measurable quantity and then let them sell their other peanuts through regular commercial channels you will have a larger volume of commercial peanuts because it will not have subtracted from it the peanuts which have heretofore gone into the green trade. Would there be any impact on the market?

Mr. MERRILL. In my opinion there would not be. I think the quantity of green peanuts which have been grown from allotment farmers has been negligible because of the expense of separating these peanuts from the vine by hand. I believe, Mr. Albert, what has happened, as I mentioned before, is that the father tells his son, "You can have a row here to dig. You have to dig them and you have to pick them by hand. You can sell those on the street corners." I do not believe that any large quantity of peanuts produced on allotment farms has been sold that way. Around Belleview, Fla., there are very few allotments, so most all of that has to be either 1 acre production or the farmer has paid the penalty on them.

Mr. ALBERT. They have this practice in areas where there are large allotments, have they not?

Mr. MERRILL. That is right; but outside of Florida, insofar as I know, it is a small operation with just a relatively small quantity picked by hand and sold by children. It is garden-type peanuts, Mr. Albert.

Mr. CRAMER. There is not enough demand to make a substantial difference.

Mr. ALBERT. Do you think it would not be wise to make this a formal type of allotment such as we have now?

Mr. CRAMER. No, sir; I do not.

Mr. ALBERT. In other words, the Department feels this would have no impact whatever on the quantity of peanuts of the type used on the regular peanut market?

Mr. MERRILL. The Department recommended the enactment of the legislation, and I cannot visualize the Department making such a recommendation if they thought that this was going to contribute to the surplus.

Mr. McMILLAN. Boiled peanuts are considered a vegetable.

Mr. ALBERT. I do not know much about it, but my point is this. Where a fellow has been taking 5 acres off his allotment for this and then puts 5 acres over here that he does not have to have under allotment, he has 5 more acres of commercial peanuts. What is the need for the legislation if you can take care of it on 1 acre?

Mr. MERRILL. You cannot. I pointed out a while ago that a man may have 6 or 8 children. He reaches a period when farming down there is pretty slow. He can take 5 acres of these green peanuts and get his children out there and pick a certain quantity each day and deliver them to this canning company or produce company. That adds to the income of that family. If you limit him to an acre, you cut him right back. A lot of them will not go into it for an acre. For example, they could grow 1 acre on every farm in Hillsborough County, but they found that producing such a small quantity is not profitable.

Mr. ABBITT. In other words, they want something to do each day.

Mr. MERRILL. That is right. This is in a period of time when there is nothing else for them to do.

Mr. ABBITT. How long would they be available for boiling peanuts? Over what period of time—a month or 2 months?

Mr. MERRILL. Several months, I would think, Congressman Abbitt, because of the favorable weather conditions down there.

Mr. ABBITT. In other words, they could plant them just as you do roasting ears. You plant a patch this week and a couple of weeks later plant another patch and a couple of weeks plant another.

Mr. MERRILL. That is what they want to do.

Mr. ALBERT. There is no enforcement problem with respect to the general law? In other words, if a fellow does not get in there and get them picked when he should pick them, there will be a big temptation to let those peanuts mature.

Mr. MERRILL. There will be a problem, but we think it will be a lesser problem than the problem of enforcement that we have today. Several of us in the Department have discussed this pretty thoroughly among ourselves and we think it can be handled. In an area where you do not have any commercial buyers, and I would like to point out that that is normally the case because there are no commercial peanut buyers south of Mr. Matthew's area and there are no commercial peanut buyers in Mr. Cramer's area. The farmer who did not have an allotment at all would be issued a certificate and would have to report the number of bushels of green peanuts that he sold. The buyer of those peanuts would have to certify that the peanuts were delivered to him as green peanuts without having any moisture removed and that he bought them exclusively for sale as boiled peanuts.

Take a fellow in south Georgia who has a 10-acre allotment and he plants 15 acres of peanuts and decides he wants to dispose of the 5 acres excess under the green-peanut method that you are considering today. There we would consider providing that if he decided he wanted to go that way, he would have to pay a representative of the county ASC committee to come out and witness the fact that those peanuts were dug in an immature state, that the peanuts were separated from the vine without the removing of any moisture either through natural or artificial means, and then he, too, would have to furnish us with a bill of sale or whatever it might be, a certification of some description showing that those peanuts were sold exclusively for boiling purposes. We believe that that problem is a lesser problem than the one we have today of enforcement.

Mr. ALBERT. What would the Department think about making this for a time period just to see if it works out all right? I just want to be sure. I do not want to be in a position that later on people can say you just opened the door too wide. I represent little peanut farmers, 5-acre farms, and there are lots of them. They can get only a 5-acre allotment for their main commercial crop. I want to be sure I am not hurting their program.

Mr. MERRILL. I do not blame you one bit, sir.

Mr. SMITH. May a peanut farmer keep these peanuts and not put them on the market and feed them to his hogs?

Mr. ALBERT. They always could do that.

Mr. MERRILL. The way peanuts are normally fed to hogs, the hogs are turned into the field prior to the time they are harvested. It is not an economically sound operation for a man to dig his peanuts and separate them from the vine and then feed them to hogs. Where

you find that occurring the Department wants to take a very close look at the peanuts.

Mr. MATTHEWS. May I ask one question here, Mr. Chairman. What is the law about a man producing peanuts just for his hogs? He can produce so many acres and just feed it to the hogs without coming in under the allotment?

Mr. MERRILL. Yes, Congressman Matthews. I would like to point out that in Florida you actually plant three times as many peanuts as you harvest. They go out and plant the peanuts. We measure them. They turn the hogs in to the field without picking or threshing them. We go back and examine those peanuts and see that they were not picked or threshed, and that does not come under the allotment program. Once the man picks and threshes them, we have to watch it very closely because there is a temptation, I am sure, to put them in the market. However, under the law the penalty does not become due on peanuts until such peanuts are marketed.

A judge in Florida held it was not economically sound to do that, that the cost was prohibitive.

A lot of these boiled peanuts are sold by little boys at Fort Jackson, Congressman McMillan. I spent some time there. They come right to the barracks.

Mr. McMILLAN. Those boys make their spending money by selling these peanuts. Any further questions?

Mr. ALBERT. What would you think of a time limitation? Do you think it has no possibility of getting the least bit out of hand?

Mr. MERRILL. No, sir; I do not. I know Congressman Abbitt watches this peanut program so close.

Mr. ALBERT. If it is on the lawbooks it is a much harder thing to get it off than if it had a provision that it would expire.

Mr. MATTHEWS. I know Mr. Albert has this in mind and I share the same concern. We do not want to have any particular attention called to this peanut program if we can avoid it because, as I recall, we generally have a pretty tough time over there, in the House, when we talk about the peanut program and the basic provisions of our law. I want to stress again that we certainly do want to cooperate in every way to work this out with the least amount of trouble we possibly can.

Mr. ABBITT. I might say that this matter was submitted to the Peanut Producers Association of Virginia. As I understand it, they went on record in favor of this. They believe it would not do any harm to them and they could operate under it. They did not think it would be of any particular harm. But they had 1 or 2 suggestions along the lines of Congressman Albert. So you might be thinking about them, one of their suggestions was, if it were feasible, that if a person had a peanut allotment he could not take advantage of this program. I gather from what you say that some who have an allotment do want to take advantage of it and it might not be feasible to do that.

Mr. MERRILL. I said they could take advantage of it.

Mr. ABBITT. They had in mind purely and simply the enforcement provision. If a man had allotted peanuts and then also could operate under boiled peanuts, there might be some conniving. They did not want to do anything to hurt the legislation but they did want to pursue the possibility of whether it should be limited to those people

who do not have a regular peanut allotment. I wonder how many people now do have regular peanut allotments?

Mr. MERRILL. Quite a large number of them but the quantity sold is so small it is negligible. Most of the farmers, as Mr. McMillan mentioned, have very, very small allotments.

Mr. ABBITT. I do not think there would be any problem of enforcement to see that the peanut people selling boiled peanuts were not transferring them.

Mr. MERRILL. I think we could work out the problem of enforcement to such a degree that what you are talking about would not happen. It would be a problem, Mr. Abbitt, do not misunderstand, but I believe we could handle it.

Mr. ALBERT. I have not had any expression from the Southwestern Peanut Growers on this problem and I do not know how they or any of the farm organizations stand. Do you know whether they would have any objection to this or not?

Mr. MERRILL. No, sir; I do not. I cannot imagine what their objection would be.

Mr. ABBITT. It is such a small operation and it would not affect the overall surplus problem, so nobody would really object to it if they were assured that it could be properly enforced and would not add to the surplus.

Mr. MERRILL. We think it can.

Mr. ALBERT. Would you think that a time limitation should not be put on it?

Mr. MERRILL. No, sir; I would have absolutely no objection to any time limitation that you wanted to put on it.

Mr. ALBERT. Would you have any objection to restricting it to people who would have an allotment of less than 20 acres?

Mr. MERRILL. Yes, sir; I would.

Mr. ALBERT. Regardless of how large the allotment was you would object to that for administrative reasons?

Mr. MERRILL. No, sir; I was just trying to look at it as they currently operate.

Mr. ABBITT. Let me ask one other thing. Bearing in mind what Congressman Albert said about this bill's title, could you consult with someone in the Department in the attorney's office, and give us some suggestions as to how this title might be amended so as to assure that no amendment could be offered on the floor affecting other than this particular phase of the peanut program? If we could get your thoughts from the Department it would be helpful when we consider that idea over here.

Mr. THIGPEN. I would think, Congressman Abbitt, that your advisers here are perhaps in a better position to take care of that than our attorneys in the Department. We will be glad to look at it.

Mr. ABBITT. We will examine both and we could use whichever appears to be the strongest title. We would like to get your thinking on that, too, if you will.

Mr. McMILLAN. Would you care to make a statement on this bill, Mr. Thigpen?

Mr. THIGPEN. Mr. Chairman, I think the record is accurate as it is presented here this morning. I grew up with the boiled peanut and the others, too. I know that the commercial aspect of the boiled peanut in terms of canning is a relatively new development. I know

if you go into Georgia just prior to the harvesting season for peanuts you will find these bags of salted peanuts scattered around all the drugstore counters, and so on. You will have those peanuts coming from any number of farms with perhaps any size allotment, whether it is the boy or the tenant or whoever it may be providing the peanuts.

Mr. McMILLAN. Boiled peanuts will hardly keep more than a day?

Mr. THIGPEN. They will keep only a short time, that is correct.

Mr. McMILLAN. They are good only about a day.

Mr. THIGPEN. I am sure we will have some administrative problems on this, but I do not think that they will be so large that they will be serious in nature or that they will injure the peanut program in general.

Considering the pros and cons of it, the law as it stands and as it would be amended this way, it is my judgment that the change is advisable.

I have nothing further to add to the record which already has been made.

Mr. ABBITT. Off the record.

(Discussion off the record.)

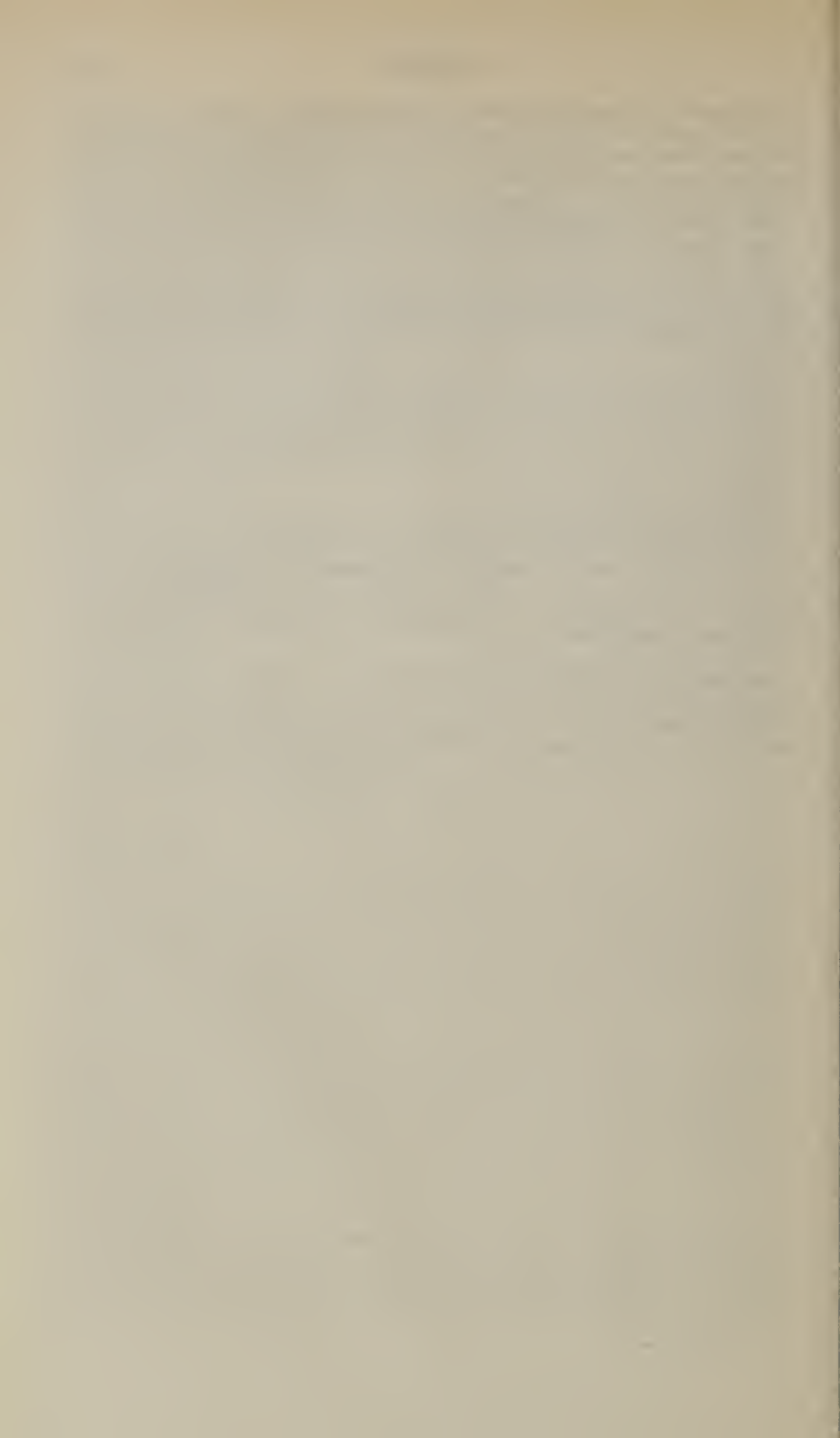
Mr. CRAMER. I want to thank you gentlemen for your time and your consideration of this matter. I appreciate it very much.

Mr. McMILLAN. We certainly appreciate Mr. Merrill and Mr. Thigpen's coming down and giving us the Department's opinion on the proposed legislation.

(Discussion off the record.)

Mr. McMILLAN. The committee will stand adjourned until next Thursday at 10 a. m.

(Whereupon, at 10:55 a. m. Thursday, June 6, 1957, the hearing was adjourned to reconvene at 10 a. m. Thursday, June 13, 1957.)



PEANUTS

THURSDAY, JUNE 13, 1957

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PEANUTS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met at 10:30 a. m., in room 1308, House Office Building, Hon. John L. McMillan (chairman of the subcommittee) presiding.

Mr. McMILLAN. The hearing will come to order. When we adjourned last week we decided to hear Mr. Rawlings, of Virginia, this morning.

Mr. Rawlings, have you a statement to give the committee?

STATEMENT OF WILLIAM V. RAWLINGS, EXECUTIVE SECRETARY, ASSOCIATION OF VIRGINIA PEANUT & HOG GROWERS

Mr. RAWLINGS. My name is William V. Rawlings. I am executive secretary of the Association of Virginia Peanut & Hog Growers. I am a peanut grower myself and I live in Capron, Va.

Mr. Chairman, I have no prepared statement. This bill H. R. 6570 has been brought to the attention of our board of directors and they instructed me to appear when hearings are held by the subcommittee on this, and in support of the bill generally.

We have no cases of producing peanuts for boiling purposes to my knowledge in Virginia but we recognize the problem, particularly in Florida, and we feel that the legislation is constructive.

There is one feature of the bill which some of our growers have some apprehension about. One is the fact that as it is now drawn it permits growing peanuts under the marketing quota regulation and also for boiling. It was the thinking of our board that it would probably be wise to give thought to amending the bill in such a way that a man would either grow peanuts on the marketing quota regulations or for boiling. We could not quite see through the administrative problems involved if, for instance, a man has a 10-acre allotment, plants 15, and then he says, "That excess of 5 acres will go for boiling."

Outside of that possible change in the bill our growers are in accord with it and support the bill as written.

Mr. McMILLAN. Off the record.

(Discussion held off the record.)

Mr. RAWLINGS. At the time our board considered this, and you understand we really do not have this problem in our State but we recognize the problem the growers have in Florida, I was instructed to write this support of the bill.

There was some apprehension about the possible administrative difficulties. To just give an example, if a man had a 10-acre allotment and planted 15 acres, and he would handle the excess for boiling, whether it should not be amended so that a man could go one way or the other, boil them or go under the marketing quota regulations.

I talked to some of the representatives in the Department and it appears that that can be handled administratively without the necessity of amending the bill.

So far as my authorization from our board of directors goes, it was to bring that amendment to the attention to the subcommittee.

Mr. McMILLAN. How would that affect a man if he had 8 acres of peanuts under the quota system to put into the regular market, and after the peanuts were planted he decided he wanted to boil the peanuts before they matured?

Could he boil the peanuts then if he decided later on he wanted to do that and not sell them as regular commercial peanuts?

Mr. RAWLINGS. I would think it would be administratively set up so that a man would have to make a decision earlier than that as to whether he was growing peanuts for normal edible consumption under the marketing quota or whether it meant more to him to go into the production of peanuts for boiling purposes.

Mr. ABBITT. Mr. Rawlings, as I understand your position, it is that some of your growers and probably some of the directors of the association suggested this possible difficulty?

Mr. RAWLINGS. That is right.

Mr. ABBITT. But if the Department or the officials in the Department are reasonably sure that they can handle the matter administratively, then, of course, you would have no objection and neither would the association to the bill as it is so far as that is concerned?

Mr. RAWLINGS. That is my personal position on it. Our idea and our attitude is to cooperate with the people who have this problem in Florida.

Mr. ABBITT. In other words, you are interested in trying to observe the program so nobody will be hurt?

Mr. RAWLINGS. That is right.

Mr. MERRILL. The reason I would be opposed to amending the bill as Mr. Rawlings has suggested is this: In Mr. Matthews' area, and pretty generally in Florida, farmers grow peanuts for seed purposes. In other words, let us say that I have been growing 3 acres of peanuts that I have been picking and threshing each year, and maybe 7 or 8 acres over there for hogs, and maybe 4 acres for boiling purposes. That is a normal operation in Florida.

We have to set an allotment each year under your law for this farm because the farmer picks and threshes 3 acres of peanuts; he dries them in the normal manner, as you know, because he maintains this production on the 3 acres for seed to plant the 7 acres for hogs and the 4 acres here.

Under the current law we would have to establish an allotment for man's farm.

I do not know of any way we could operate this thing unless we are going to penalize the farmer and make him buy the seed for the peanuts he grows for his hogs and buy the seeds for the peanuts he will plant for boiling, because the minute he picks and threshes these 3 acres he holds for seeds under the law an allotment must be established for his farm. That is the difficulty we would run into.

Mr. McMILLAN. That is the problem we would have to settle.

Mr. MATTHEWS. Mr. Rawlings, first of all I want to thank you for being here today and I appreciate so much your interest in this bill.

I want to say again, as we have talked informally before, I surely do not want to do anything that will hurt our Virginia peanut growers and peanut growers anywhere in the whole country.

Mr. Merrill, do you think that Mr. Rawlings' problem which he has presented here can be corrected administratively? In other words, if we cannot do it administratively we certainly want to give the possibilities of this amendment every consideration.

However, as I understand it, you believe this problem that his growers have presented can be handled administratively?

Mr. MERRILL. I do.

Mr. MATTHEWS. Do you think it is entirely possible if this bill were passed that we might have less peanuts produced to be in competition, you might say, with the regular peanut market and we might have some of these little farmers to lean a little bit more toward planting peanuts for boiling provided they could keep their allotments?

Mr. MERRILL. I think you would actually increase allotments very slightly so far as allotments now established where the farmers are growing the green peanuts.

In other words, because farmers have been penalized for marketing green peanuts without an allotment, let us say a small percentage of the acreage in Florida has moved from Jackson County to Marion County and that area of the State through new-grow applications and that type of thing.

If we no longer had to have allotments for those small farms it would have the tendency in Florida to increase the allotments of farmers growing regular peanuts.

Mr. MATTHEWS. It would seem to me it would be healthy for the present peanut situation if we could get this bill passed and it would encourage these little fellows perhaps not to plant their regular allotments into peanuts as they have in the past but maybe have another acre or two for the boiled peanuts.

Mr. MERRILL. It could have that effect; yes.

Mr. ABBITT. The suggestion was made the last time our committee met, that perhaps as a safeguard the bill should be limited to a certain number of years, for instance 1957, 1958 and 1959, so the Department could see how it worked out.

It occurred to me that might be a good idea.

Mr. MERRILL. I would certainly recommend that the last sentence of the bill be changed to read:

This amendment shall be effective for the 1957, 1958, 1959 crops.

Then after 3 years experience if we find this has not damaged the regular peanut business at all we could come back and recommend to you gentlemen that the bill be extended.

Mr. McMILLAN. We will take that suggestion under consideration in executive session.

Mr. ABBITT. There was some concern about the title, Mr. Chairman.

Mr. Albert and I took it up with the Parliamentarian of the House. He said the title would have nothing to do with it but the question of what would be amended would be confined to section C, and section C is the only section dealt with in the bill, and therefore the only

important amendments would be those amendments with regard to 359 (c).

I would like to have someone read section (c) into the record at this point if it is agreeable.

Mr. RAWLINGS (reading):

The word "peanuts" for the purposes of this act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm.

As you know, we have been hopped on very much on the floor of the House by some of the people in other phases of the industry. If this bill lends itself to a possible attack on the entire peanut program, we want to look at it mighty carefully.

We understand from Congressman Abbitt that after a conference with the Parliamentarian the bill as now drawn would not lend itself to such attacks on the floor of the House.

Mr. McMILLAN. You have the most active Congressman in the United States. He watches all peanut legislation like a hawk watches chickens.

Any further questions?

(No response.)

Mr. McMILLAN. Mr. Sugg, representing North Carolina peanut growers, we will hear from you at this time.

STATEMENT OF JOE S. SUGG, EXECUTIVE SECRETARY, NORTH CAROLINA PEANUT GROWERS ASSOCIATION, INC.

Mr. SUGG. My name is Joe S. Sugg. I am executive secretary of the North Carolina Peanut Growers Association.

We are interested in this bill primarily because we are interested in anything affecting the peanut grower.

I have one producer who has been raising considerable Cain in North Carolina for such authorization as this bill proposes, and we have no objection provided we can get these little if's out of the way.

We endorse the 3-year limitation that Mr. Merrill and Mr. Abbitt just mentioned.

We want to be particularly certain that the introduction of this bill or any other bill will not give the opponents an opportunity to do what has been done for the last several years. The moment you say "peanuts" they try to eliminate us. We don't like to be eliminated or even threatened to be eliminated. We want to guard against that particularly.

Also I would like to in behalf of our producers be certain that this bill does not authorize production of green peanuts for 3 years and then that authorization be used as a history to increase the allotment toward dry peanuts later.

We never considered this green-peanut proposition because we have been boiling peanuts for years and years. A lot of them were grown in the garden and a lot of them go out in the field and pull peanuts. They say nothing to anybody and just boil them and sell some of them. It is not a big thing, though.

If there is a possibility of developing a further use for peanuts we are behind it 100 percent and we will support any continued action in that direction after this period expires, this 3-year period.

Mr. MERRILL. Mr. Sugg said he wanted to be sure that if, after 3 years, the bill was to expire and the committee were not to renew it that the green peanuts grown under the bill would not apply as history toward future allotments.

The way the bill is written there is no way that a man could gain history by growing green peanuts because you are redefining the term "peanuts" to exclude it.

For that 3-year period, if this bill is enacted, no one would get any credit so far as future allotments are concerned for growing green peanuts for boiling purposes.

Mr. McMILLAN. You are well protected on that would-be threat, I think.

Mr. GRANT. If you have a canner of boiled peanuts, can he go out and plant unlimited acreage?

Mr. MERRILL. Under the bill he could. Canned peanuts compete more with vegetables rather than dried, salted, or roasted peanuts.

Mr. HEIMBURGER. How about 1954 through 1956 which you deal with in the bill? Is there not a likelihood that the peanut acreage which was used for boiled peanuts in those years has been counted now as history?

Mr. MERRILL. The acreage we have known about has been counted as history because the current legislation defines a peanut as anything separated from the vine either before or after marketing from the farm, so we have had no alternative except to count it.

However, we are sure that we have not measured all of these acreages of green peanuts because we have not known about them, keeping in mind they are normally grown in areas where the Department does not check performance because there are no allotment crops in those areas.

Mr. HEIMBURGER. To the extent you have checked them, in other words, all those that would be involved in this penalty refund proposition, have acquired some history and that would be retained, I presume?

Mr. MERRILL. It would be retained until such period as they ran out of production.

We also have in the peanut program a release and reapportionment provision whereby if he was only going to grow peanuts for boiling purposes he could release his allotment.

One other point I would like to make: Quite a bit of the acreage which has been grown, green peanuts for boiling purposes, has been acreage in excess of farm allotments. The current act restricts our taking that into consideration in establishing—

Mr. HEIMBURGER. The amount of acreage involved would not be of any significance?

Mr. MERRILL. That is right.

Mr. HEIMBURGER. The Department states in its report that they thought the money in the penalty pot would be sufficient to make these repayments. Do you think it is?

Mr. MERRILL. Yes, sir.

Mr. HEIMBURGER. Would the bill not be more acceptable if it did not also provide for an appropriation for that purpose?

Mr. MERRILL. We would prefer that you leave in the clause because it is an unknown amount. However, we are reasonably sure we could pay it back out of penalty as we collect penalty.

Mr. ABBITT. That is what you testified to before?

Mr. MERRILL. That is right.

Mr. GRANT. Would there be any limit on what an individual farm could grow?

Mr. MERRILL. Not under the bill. The limiting factor is the amount of labor required to do the job. This is a hand operation today.

The cost of labor you have to hire is almost prohibitive as compared to the amount the farmer receives for his peanuts.

Mr. GRANT. Of course that is true. However, if he could make something on 1 acre with hand labor, certainly on 10 or 100 acres he should make 10 or 100 times that.

Mr. MERRILL. Today it is more of a family operation. A man grows only that acreage of peanuts that he and his family can take care of. If he had to hire the labor it would not be practical.

Mr. GRANT. That has been the case in my section. I didn't know what the case would be where you have canning plants.

Mr. SNUGG. We now have equipment that can handle these peanuts green.

Mr. MERRILL. In an experimental stage?

Mr. SUGG. And otherwise.

There is one particular peanut machine that I have seen pick green peanuts that it has threshed which is all right so far as we are concerned.

We discussed this thoroughly. If we are going to be a party to developing the phase of the peanut industry we are talking about we would rather go ahead and let them do it as economically as possible rather than have a limitation on how to get the peanuts off.

This 3-year limitation takes care of any runaway deal. Our feeling is that green peanuts are like snapbeans or turnips, something like that. If he can sell them let him sell them and if he gets big enough we will join him. It will be cheaper that way.

Mr. GRANT. What types of peanuts do you speak of?

Mr. SUGG. We grow Virginia type in North Carolina.

Mr. GRANT. The Virginia type is not as adaptable to boiling as the Spanish type, are they?

Mr. SUGG. I have been eating them every year since I have been 4 years old. We eat them a lot and they are good. As a matter of fact, I think the Virginia is more adaptable to boiling. They are not as——

Mr. GRANT. We will not argue that. I have raised them, eaten them and sold them, too.

Mr. SUGG. One is just as adaptable to that purpose as another so far as that is concerned.

So far as we are concerned in North Carolina we are not particular as to the limitations in the bill.

The suggestion of this 3-year limitation puts us in a position, if it starts developing, to come back and take another look at it and rearrange the bill to take care of the circumstances as they develop.

Mr. McMILLAN. Further questions on this bill?

(No response.)

Mr. McMILLAN. We certainly appreciate Mr. Rawlings and Mr. Sugg taking time to come to Washington and giving us your opinions as to North Carolina's and Virginia's attitude on this proposed legisla-

tion. We also like to get the grassroots opinion of the farmers on this and all other proposed legislation.

Mr. Merrill, thank you also for giving the committee yours and the Department's opinion on this bill.

Mr. RAWLINGS. We appreciate the opportunity.

Mr. McMILLAN. I notice that Mr. Baker, representative of the National Farmers Union, is present. Would you care to make a statement, Mr. Baker?

STATEMENT OF JOHN A. BAKER, COORDINATOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. BAKER. Thank you, Mr. Chairman. I would like the record to show that the National Farmers Union supports enactment of Mr. Matthews' bill, and I wish to associate myself with the testimony of Mr. Bill Rawlings.

Mr. McMILLAN. Thank you, Mr. Baker.

Are there any further questions on this bill?

(No response.)

Mr. McMILLAN. The subcommittee also has for consideration H. R. 6764, introduced by our chairman, Mr. Cooley, to amend the act of June 24, 1956, as amended, relating to the collection and publication of peanut statistics, to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

(H. R. 6764 follows:)

[H. R. 6764, 85th Cong., 1st sess.]

A BILL To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 1 of the Act of June 24, 1936 (chapter 745, 49 Stat. 1898; 7 U. S. C. 951), is amended to read as follows: "All reports shall be submitted monthly in each year, except as otherwise prescribed by the Secretary."

SEC. 2. Section 2 of said Act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

SEC. 3. Section 3 of said Act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 953), is renumbered section 2 and is amended to read as follows:

"It shall be the duty of each warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner other than the original producer of peanuts to furnish reports, complete and correct to the best of his knowledge, on the quantity of peanuts and peanut oil received, processed, shipped, and owned by him or in his possession. Such reports, when and as requested by the Secretary, shall be furnished within the time prescribed and in accordance with forms provided by him for the purpose. Any person required by this Act, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof who shall refuse to give such reports or information or shall willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than one year, or be subject to both such fine and imprisonment."

SEC. 4. Sections 4, 5, 6, and 7 of said Act (49 Stat. 1899; 7 U. S. C. 954-7) are renumbered sections 3, 4, 5, and 6, respectively.

Mr. McMILLAN. Mr. Newell is present representing the Department, and the committee would be pleased to hear from you now, Mr. Newell.

STATEMENT OF STERLING R. NEWELL, DIRECTOR, AGRICULTURAL ESTIMATES DIVISION, AGRICULTURAL MARKETING SERVICE; ACCOMPANIED BY C. E. BURKHEAD, CHIEF, FIELD CROPS BRANCH, AND GEORGE D. HARRELL, HEAD, SPECIALTY CROPS SECTION, DEPARTMENT OF AGRICULTURE

Mr. NEWELL. Mr. Chairman, I have a short statement here. I did not get an opportunity to duplicate it.

Mr. McMILLAN. You may proceed to read your statement.

Mr. NEWELL. The Department of Agriculture favors the enactment of H. R. 6764, a bill to amend the act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

This legislation was proposed by the Department. Its enactment would cancel statutory requirements of the original act which make it mandatory that operators of peanut picking and threshing machines furnish periodic reports on their operations.

At the time the law was originally passed, practically all peanuts were picked from the vines by picking and threshing machines. Today, the use of picking and threshing machines is being rapidly displaced by farmer-owned combines with picker attachments. This is especially so in the important Southwest and Southeast peanut areas where the windrowing of peanuts is more and more becoming the prevailing practice. It is doubtful that this portion of the act was ever intended to apply to farmer-owned combines with picker attachments, since these are used mainly for the picking of the individual's own peanuts.

The percentage of the peanut crop which is being handled by picking and threshing machines is therefore becoming smaller and smaller and no longer represents the total production of picked and threshed peanuts as it did at one time.

The crop reporting board, under other provisions of the act, receives reports from all peanut millers which give the quantity of peanuts passing into commercial channels. This quantity, along with allowances for seed uses and home consumption, gives a very satisfactory check on estimated total production of the peanut crop. The information from pickers and threshers, therefore, even if it were complete for all peanuts picked and threshed, would merely be a duplication of other data more easily collected from other sources and at less cost.

To rigidly enforce the mandatory requirement that all owners of picking and threshing machines report their operations would cause us more expense than we can presently underwrite, but such an expenditure would far exceed the value and intended uses of the data so collected.

The amendment proposed for section 3 of the present law makes no substantive changes and its sole purpose is to clarify the wording of that section.

In view of these facts the Department urges the enactment of H. R. 6764 which would eliminate unnecessary provisions of section 2 of the present law and otherwise bring the law up to date.

This simply means, Mr. Chairman, that we want to eliminate this section 2 which makes mandatory the reporting of pickers and

threshers because it is out of date. We feel that we do not need that provision and it would bring the law up to date under present conditions.

Mr. McMILLAN. Are there any questions anyone cares to ask Mr. Newell?

Mr. ABBITT. As I understand it, Mr. Newell, section 2 of the present law deals solely with reporting by individual pickers and threshers.

Mr. NEWELL. Yes, sir. [Reading:]

The Secretary is hereby authorized and directed to collect and publish statistics of the quantity of peanuts picked or threshed by any person owning or operating peanut picking or threshing machines.

We simply eliminate that section.

Mr. ABBITT. By deleting that, the individual farmer will not have to make reports.

Mr. NEWELL. That is true. The way it reads now technically we would be required to go out and get reports from these pickers and threshers. That is the part that we are proposing the elimination.

Mr. ABBITT. Certainly I would not quarrel with that, but I did not know anything about it.

Mr. BURKHEAD. May I add a clarification by pointing out that it is not the farmer we are talking about.

Mr. ABBITT. But the owner of a picking and threshing machine will not have to make any direct report?

Mr. NEWELL. That is right. When this was enacted the picking and threshing was a different operation. It was required that each owner of a picker and thresher had to report.

Mr. ABBITT. Under section 3 of the bill what additional duties or reporting or actions will the warehouseman, broker, cleaner, sheller, dealer, crusher, and so on, have to make that they do not have to do now? In other words, under this section what new duties are imposed upon anyone?

Mr. NEWELL. There are no new duties. There is no change in this section. It was reworded for clarification. I would suggest that one comma be inserted in line 16 after the word "thereof". It is just a typographical matter but it seems to me it would clarify the meaning there.

Mr. ABBITT. In line 16 after the word "thereof"?

Mr. NEWELL. Yes, "employee thereof," comma, "who shall refuse to give such reports."

Mr. ABBITT. There is no new duty or obligation imposed upon anybody by this section?

Mr. NEWELL. Nothing additional at all.

Mr. ABBITT. Would you contemplate any opposition to this change by any of the shellers or dealers?

Mr. NEWELL. I would not expect any. I would not think it would be controversial.

(Discussion off the record.)

Mr. McMILLAN. Any questions, gentlemen? Mr. Russell, do you or Mr. Rawlings care to make any statement on this bill while you are here?

Mr. RUSSELL. No, sir, I do not think so. Frankly I did not know about it until this morning when I got over here.

Mr. McMILLAN. Mr. Suggs?

Mr. SUGGS. Based on the information Mr. Newell gave, I would like to compliment him for going back and finding this thing and getting the nuisance out of the way. I just could not see any need whatsoever for making duplicate reports when the reports you get from the shellers are more effective and efficient. I happen to know for a fact a lot of peanut pickers have not been making that report. I would like to endorse the move that he is making to get that deleted.

Mr. McMILLAN. Thank you very much.

Mr. Baker, would you care to add anything?

Mr. BAKER. No.

Mr. McMILLAN. Any further questions?

Mr. Heimbürger, do you see anything in this bill that you would like to comment on?

Mr. HEIMBURGER. I was just going to ask, Mr. Chairman, that I might be permitted to investigate the necessity of section 4 of the bill, which changes the section numbers in the original act. I do not see any necessity for that. It will simply mean additional work for the codifiers to go back and make footnotes on these other sections. With your permission I would like to investigate that and suggest a committee amendment eliminating that section.

Mr. McMILLAN. We will ask Mr. Newell if there is any reason for changing those. Is there any reason for that section particularly?

Mr. NEWELL. What we do is eliminate section 2, Mr. Heimbürger.

Mr. HEIMBURGER. That is right. You eliminate section 2 and renumber the following sections, which is nice, neat legislation, but in an act which is already on the books and which is this old, I think it is unnecessary. My only point was that it will simply require codifying changes in all of those sections which might not be necessary. I do not know. But let me consult with the Judiciary Subcommittee which is responsible for codifying and see if it would save them work if we eliminated section 4.

Mr. McMILLAN. Will you do that right away?

Mr. HEIMBURGER. Yes.

Mr. NEWELL. We would have no objection to that.

Mr. ABBITT. Let me ask Mr. Newell and Mr. Heimbürger one other question. You heard the apprehension that some of us have when we bring a bill amending the peanut law on the floor of the House. Do any of these sections that you amend in this bill or that this bill deals with have any broad provisions whereby somebody could offer an amendment to take peanuts off the list of basic commodities?

Mr. NEWELL. I do not believe so, Mr. Congressman.

Mr. ABBITT. Quite frankly, when you say section 1 of the act of June 24, 1936, that does not mean anything to me. I am just wondering if any of these sections that we are amending deal with the basic act in any way. Are they narrow sections just like section which we had in the other bill?

Mr. BURKHEAD. The only thing, and all this bill does is just knock out section 2. The General Counsel's Office thought they could clean up some of the old language in the other section.

Mr. ABBITT. I wonder if Mr. Heimbürger in his investigation would not check all of this and know what amendments would be germane and what would not be if anybody brought up the question? I assume it will come up on the Consent Calendar but we have been informed that when a bill comes on the Consent Calendar, once you

have unanimous consent to take it up, still any amendment which is germane to the particular section dealt with can be offered.

Mr. GRANT. In other words, if anything concerning price support or acreage is germane we do not want it.

Mr. ABBITT. That is correct. We do not want any part of it.

Mr. HEIMBURGER. From a cursory examination, Mr. Chairman, it would seem to me that no such amendment would be germane since this appears to be an act which deals only with peanut statistics. However, I will check that further and have a definite report on that for the subcommittee.

Mr. ABBITT. You see, it is a lot easier to be careful now than it is to learn by bitter experience later.

Mr. McMILLAN. Am I correct in my thinking that everyone here on the committee is agreed on the purpose and principle involved in these two bills?

Mr. ABBITT. That is certainly my understanding.

Mr. McMILLAN. We thank you very much, Mr. Newell and gentlemen, for coming down and being with us.

(Whereupon, at 11:15 a. m., the subcommittee went into executive session.)

PEANUTS

WEDNESDAY, JULY 17, 1957

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PEANUTS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met, pursuant to call, at 2:05 p. m., in room 1310, New House Office Building, Hon. John L. McMillan presiding.

Present: Representatives McMillan (presiding), Abbitt, and Albert.

Mr. McMILLAN. The committee will come to order.

Mr. Rawlings, will you come to the witness stand.

The committee will be glad to hear any statement you would care to present at this time.

STATEMENT OF WILLIAM V. RAWLINGS, EXECUTIVE SECRETARY, VIRGINIA PEANUT & HOG GROWERS, INC.

Mr. RAWLINGS. My name is William V. Rawlings. I am executive secretary of the Association of Virginia Peanut & Hog Growers. The address is Capron, Va.

Mr. Chairman and gentlemen of the committee, Virginia peanut growers appreciate this opportunity to make known to you our position on H. R. 6288.

Enactment of this legislation has been an objective of our producers for several years, and we are most hopeful that the proposals embodied in H. R. 6288 will be enacted into law at this session of Congress.

In the case of peanuts, the present definition of "normal supply" allows for a carryover at the beginning of the marketing year (August 1) of 15 percent of the sum of the consumption and exports used in computing normal supply. This allowance for carryover figured to be 99,000 tons at the beginning of the marketing year, August 1. For the last 5 years the industry has, in order to keep the pipelines open, elected to carry over as of August 1, exclusive of CCC stocks, an average of 134,000 tons. Including CCC stocks, the 5-year carry-over has averaged 171,600 tons.

Further, the Secretary announced on February 25, 1957, the Department of Agriculture considered it necessary, in order to provide an adequate supply, to carry into the new crop year approximately 60,000 additional tons of peanuts in CCC inventory. This resulted in an estimated carryover on August 1 of 205,000 tons. In the judgment of the Secretary, such is necessary to provide reasonable assurance of an adequate supply.

The purpose of this amendment is simply to legislatively put this phase of the program in line with present-day trade practices and the recent administrative action of the Secretary.

The Department of Agriculture estimated consumption and exports for the 1957 marketing year at 660,000 tons. Hence, increasing the allowance for carryover to 25 percent would result in an allowance for carryover in computing normal supply of 25 percent of 660,000 tons, or 165,000 tons. This will be well within the 205,000 tons the Secretary by administrative action on February 25, 1957, announced as a necessary carryover in order to reasonably assure an adequate supply. If 205,000 tons are considered a necessary carryover as of August 1, then a legislative allowance for a carryover of 165,000 tons in computing normal supply certainly seems conservative.

We are mindful of the unfavorable report of the Department of Agriculture with reference to this bill, and desire to comment on the objections voiced by the Department of Agriculture in recommending that H. R. 6288 not be enacted. The Department has this to say:

This position of the Department is taken because the change in the carryover percentage would materially increase the cost of disposing of surplus peanuts acquired under price-support-level programs, would markedly raise the minimum price-support level under the flexible formula, and would materially reduce price-support flexibility under the formula calculation.

The foregoing lists three principal objections. In the opinion of Virginia growers, these objections are without any substantial merit and are representative of a total lack of consistency on the part of the Department of Agriculture.

As to materially increase the cost of disposing of surplus peanuts acquired under price support programs," it is perfectly clear in event that H. R. 6288 is enacted, the price-support level on the 1957 crop will be approximately 87 percent of parity instead of the announced 82 percent of parity, an increase of 5 percent.

In dollars, this would amount to approximately \$13.50 additional cost for each ton of surplus peanuts diverted. However, the anticipated diversion would appear to be a relatively small tonnage according to estimates by the Department of Agriculture. On February 15, 1957, Hon. Melvin L. McLain, Assistant Secretary, in a letter to Hon. W. M. Abbitt, a distinguished member of this committee, states as follows:

The record over a long period of years shows that the average variation in annual yields from the moving 5-year average yield is approximately 7 percent. In some individual years, the variation has been above 15 percent. In looking ahead, with the objective of assuring an adequate supply of peanuts so as to avoid the possible extremely unsatisfactory question of imports, it seems advisable to allow a safety margin in the estimated production as against the estimated edible requirement which would at least cover the variation in yields of 7 percent. Taking 7 percent off the estimated production of 719,000 tons would result in production of 669,000 tons, which is only 9,000 tons above the estimated edible requirements.

That happened to be when they were trying to give some justification for not providing a soil-bank program for peanuts this year.

In effect, what the Department said on February 1957 was they would estimate a surplus of only 9,000 tons above estimated edible requirements and at \$13.50 per ton this would amount to an increase in the cost of diversion of \$121,500.

Contrasted to this would be a \$13.50 per ton higher support price on the 660,000 tons produced for edible requirements or approximately an \$8,910,000 enhancement in the value of the crop to growers. Our growers consider this a most important aspect of this bill.

Obviously, such a philosophy could be carried on to a more ridiculous extreme and the cost of diversion could be much more materially decreased if the price-support level was even more radically reduced, even to zero and, of course, in such an event, the cost of diversion would be zero.

While on this point, we wish to point out that the Department saw fit to disregard the Soil Bank Act with reference to peanuts and on the 1957 crop there will be no soil-bank funds used for peanuts. Reference is made to hearing before the Committee of Agriculture, House of Representatives, 85th Congress, 1st session, on January 7-10, 1957, pages 11 to 21, where this point was dealt with in considerable detail.

As to the Department's objection, "would markedly raise the minimum price support level under the flexible formula," it has been our understanding there is nothing wrong about the flexible formula flexing up.

Our growers have consistently opposed the flexible price-support system now applicable to peanuts, but we have understood from its proponents in the Department of Agriculture they had no objection to the flexible formula flexing up as well as down.

As to "would materially reduce price-support flexibility under the formula calculation," we submit that if such is the result of legislatively allowing for the carryover the Department admits is necessary, then there is no real validity in such an objection.

The Department state that—

any action, therefore, to increase the carryover allowance, unaccompanied by other legislative proposals based upon a more comprehensive examination of other important and relevant factors bearing upon peanut price support and quota legislation now in effect, would be undesirable.

On November 19, 1956, J. E. Thigpen, Director, Oils and Peanut Division, Commodity Stabilization Service, Department of Agriculture, addressed the 18th annual meeting of the Georgia Farm Bureau Federation, Biltmore, Hotel, Atlanta, Ga. Mr. Thigpen's prepared statement, page 24, contained the following statement:

On the price support side, the definition of a normal supply creates a problem in applying the flexible scale of supports. The normal supply, in effect, is the estimated consumption for the year plus an allowance of 15 percent for a carryover as of August 1. This carryover is entirely inadequate to provide any measure of safety against a short crop and is barely enough to permit continued manufacturing and distribution from August 1 until the new crop becomes available in the latter half of August and September for Spanish, September and October for Runners, and October and November for Virginias.

There are a number of smaller points on which administrative experience under existing legislation has been unsatisfactory.

The last sentence clearly indicates that in the opinion of the Department of Agriculture the major legislative problem was and is the same problem H. R. 6288 is designed to remedy.

Further, we have heard of no other peanut legislative proposals emanating from the Department of Agriculture. The Secretary and a number of high officials from the Department have been before the Agriculture Committees of both the House and Senate during the present session of Congress and have had every opportunity to make whatever proposals they considered constructive and desirable.

Our growers object to the Department opposing what we consider a most constructive proposal and what Mr. Thigpen considered con-

structive on November 19, 1956, for lack of other legislative proposals without any pretense whatsoever of offering anything constructive.

In conclusion, our growers feel that it is no more than justice to adjust the legislative allowance for carryover in computing normal supply so as to conform with present-day trade practices and administrative action of the Secretary of Agriculture. To not do so, unjustly reduces the support price by approximately 5 percent.

Despite the regrettable position of the Department, our growers are of the opinion as long as we have a flexible price-support program, at least the principal of letting the price flex up as well as down should be adhered to.

We earnestly recommend that H. R. 6288 be enacted into law and made effective for the 1957 peanut crop.

I wish to express appreciation personally and on behalf of our members for the privilege of appearing before this committee and making our views known, Mr. Chairman.

(The bill referred to is as follows:)

[H. R. 6288, 85th Cong., 1st sess.]

A BILL To increase the carryover allowance for peanuts

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out of subsection (b) (10) (A) of said section "15 per centum in the case of peanuts" and inserting "25 per centum in the case of peanuts".

Mr. McMILLAN. It is always a pleasure to have you visit us.

We are always happy to have you give us your views on peanuts or any other product grown in Virginia.

Mr. ABBITT. I would like to compliment Mr. Rawlings for his fine presentation on this problem and I would like to ask a question or two.

Is it your understanding that this bill would simply enact into law the present practice? In other words, there is a carryover now?

Mr. RAWLINGS. It would even be more conservative than that, sir, because the present practice of the Secretary of Agriculture is he says there is a need to have 205 or 206 around, depending on who you talk to as to what that figure is but somewhere in that neighborhood.

You will call 205,000 peanuts as of August 1 to reasonably assure an adequate supply. If this is enacted into law it only permits a legal allowance of 175,000 tons which frankly our growers think is sufficient. We don't think there is any excuse at all for this excessive carryover and the only purpose is to slide the price-support level down about as low as you can reach and do it.

Mr. ABBITT. In other words, the Department can if it so desires by carryover fix the support price pretty well as they desire without limitations?

Mr. RAWLINGS. That is exactly right; and our growers feel a fundamental, by having the bill, is that legislation should set the carryover at whatever it should be. If it is 171,000 or 161,000 or 181,000 tons, set it where it should be and put it beyond manipulation of the Department of Agriculture regardless of who happens to be over there.

It ought to be whatever is necessary and not be susceptible of being used as a tool to manipulate the price support up and down.

Mr. ABBITT. What was the announced carryover for this year?

Mr. RAWLINGS. Coming into August 1 this year.

Mr. ABBITT. Yes.

Mr. RAWLINGS. The last figure I saw was 205,000 tons which was by Mr. Thigpen. They announced a price support level of 82 percent of parity. Frankly, if 205,000 tons is correct, there is no legal way he can support it at less than 83 percent but we haven't argued with him about that yet. They can guess 206 just as well as 205 if what they are after is 82 percent but you can figure it out anyway you want to.

Mr. ABBITT. Now this 15 percent would under normal conditions permit a carryover of approximately 99,000 tons?

Mr. RAWLINGS. Yes, sir.

Mr. ABBITT. Do you know of anybody that thinks that is a sufficient carryover to meet the needs and demands of the domestic and export trade?

Mr. RAWLINGS. I certainly have heard of none, and we refer back to the statement I made that the industry itself has averaged 131,000 tons during the last 5 years exclusive of CCC stocks, and I think it is reasonable to assume that if old CCC stocks had not been available and known that they could get them if they got in a pinch, the industry it is reasonable to assume would have likely carried a little more inventory but they had a hedge there with the CCC stocks if things got tighter than they expected.

Mr. ABBITT. Has it been necessary to import peanuts at any time during the last 5 or 6 years?

Mr. RAWLINGS. Yes, sir, it has, a couple of very recent grounds on that.

Mr. ABBITT. Did that result from failure to have sufficient carryover?

Mr. RAWLINGS. It resulted primarily in a most unusual short crop throughout the three areas the year we had the real problem. It was the worst or the lowest yield below average in the history since we have been keeping statistics on it as I recall it.

Quite often we might have a below-normal yield in 1 area, but it is most rare that we have a materially below-normal yield in all 3 areas, and that was really what brought on the situation when we got into trouble in imports as I see it.

Mr. ABBITT. I notice you were quoting from Mr. Thigpen's statement to a peanut group in November 1956.

Mr. RAWLINGS. Yes.

Mr. ABBITT. I didn't quite catch that. What did he recommend or what did he say?

Mr. RAWLINGS. If I could comment just a little bit, you will recall this same bill was up in the Senate committee a little over a year ago, and we had frankly been led to believe that the Department would look with favor on this thing, but when we got over in the Senate committee and they called over there to find out the Department's reaction they turned around 180° and they were opposed to it.

The assurances that we have been given before about the attitude or indications I should say were variable.

Then after that here in November 1956, Mr. Thigpen—and he is the head or Director of the Oils and Peanut Division in the Department of Agriculture—went down to address the 18th annual meeting of the Georgia Farm Bureau Federation at the Biltmore Hotel and

he had a prepared statement which I have here and will file for the record if there is any question about quoting it correctly here.

On page 24 he had this statement:

On the price-support side the definition of a normal supply creates a problem in applying the flexible scale of supports. The normal supply in effect is the estimated consumption for the year plus an allowance of 15 percent carryover as of August 1. This carryover is entirely inadequate to provide any measure of safety against a short crop and is barely enough to permit continued manufacturing and distribution from August 1 until the new crop becomes available in the last half of August and September for Spanish, September and October for runners, and October-November for Virginias.

Then he ended up this way. It is the only thing legislatively connected with the peanut program that he went into with any detail and this is all he also had to say as I recall:

There are a number of smaller points on which administrative expense under existing legislation has been unsatisfactory.

That clearly implies to me that the major point is just what we are up here talking about today. That is what he said in November 1956, and he was addressing the convention as Director of Oils and Peanut Division.

Mr. ABBITT. In any commodity like peanuts, isn't it absolutely necessary that we have sufficient quantity available to meet the needs and demands of the trade if we are going to maintain our markets?

Mr. RAWLINGS. Certainly. I think it is in the growers' interests, the shellers' interests, every segment of the industry, that we have adequate supplies to take care of most any reasonably foreseeable condition.

When we get into a situation of scarcity or a situation of imports, you lose some markets, it is hard to determine just how many, to competing products, and the markets that have been built up over a number of years and to regain those markets, you find, is a pretty long and slow process again.

Mr. ABBITT. And some people, it has been my experience, are foolish enough to use substitutes if they can't get peanuts. Has that been brought to your attention? I understand if they can't get adequate peanuts they might eventually try to eat some other nut that would be in competition with our product, and I am sure it is not in the interests of anybody connected with the peanut industry that that be done.

Mr. RAWLINGS. That is right.

Mr. ABBITT. I assume that that is the main and overwhelming reason that the peanut industry would be supporting this measure, so as to guarantee an adequate supply to meet the needs and demands of the trade and to protect us in not having to go through these emergencies that have arisen when it became necessary that foreign peanuts be imported into our country when they were actually needed.

It has developed in the last year or two once or twice that we had to have imports because we didn't have an adequate supply at home of domestic peanuts to meet the need of the trade, is that right?

Mr. RAWLINGS. That is it. It wasn't as short where some manufacturers could have beaten down the domestic price on cleaned and shelled peanuts. I don't think the grower groups anywhere are of the opinion that they are quite as short as some of the proponents of imports made out that they were.

Mr. ABBITT. But the growers do want to have adequate supply to meet the needs of the trade?

Mr. RAWLINGS. We want to do it and we feel we have a responsibility to do it. When we control production, having a price-support program going with that, we think there is a responsibility to assure an adequate supply.

Mr. McMILLAN. I don't believe I have any questions.

You covered all the questions that I was thinking of asking.

I will call Mr. Sugg to the witness stand and we will be glad to have your statement, Mr. Sugg.

We are happy to have you back in Washington.

STATEMENT OF JOE S. SUGG, EXECUTIVE SECRETARY, NORTH CAROLINA PEANUT GROWERS ASSOCIATION

Mr. SUGG. I am Joe S. Sugg, executive secretary, North Carolina Peanut Growers Association, from Rocky Mount, N. C.

Mr. Chairman, the North Carolina peanut growers, as represented by the North Carolina Peanut Growers Association and the North Carolina Farm Bureau here today, appreciate this opportunity to present to you our position on H. R. 6288.

Like our fellow producers in the State of Virginia, this legislation has been one of our objectives for several years, and we are of the firm opinion that the proposed change in the definition of normal supply as covered in H. R. 6288 will materially improve the Agriculture Adjustment Act as applied to peanuts.

By increasing the allowance for carryover in the definition of normal supply from 15 to 25 percent, a more realistic situation would be effected. This would set the normal supply as defined in the act more nearly in line with that which has actually existed in the industry plus Commodity Credit Corporation holdings during the past 5 years.

This change would bring about a price-support relationship with respect to parity under the flexible price-support program which would be more equitable and fair to the peanut producers.

We are quite aware of the unfavorable report written on May 29, 1957, by the United States Department of Agriculture with respect to H. R. 6288 solely on the grounds that it would flex upward the price support rather than forever downward as apparently is desired by the present administration.

We concur with the statement given by Mr. Rawlings, of Virginia, with respect to certain sections of this unfavorable report, and we would like to call your special attention to the next to the last paragraph of Mr. Morse's letter, which states:

Any action, therefore, to increase the carryover allowance, unaccompanied by other legislative proposals based upon a more comprehensive examination of other important and relevant factors bearing upon peanut price support and quota legislation now in effect, would be undesirable.

Since 1953 at the inception of the North Carolina Peanut Growers Association, we have been working with the United States Department of Agriculture on legislative matters pertaining to peanuts, and have been encouraged to present suggestions and plans to help improve the peanut program.

However, on most occasions, like on this, each suggestion has been rejected by the Department of Agriculture. We would, therefore,

like to request that this subcommittee determine just what, if any, other legislative proposals the Department of Agriculture thinks should accompany the change covered in H. R. 6288, as they indicated in the paragraph quoted above.

We in North Carolina are most anxious to have a sound, practical peanut program under which we can work; and, if the Department of Agriculture have any ideas how our present program can be improved, we would certainly appreciate their coming forth with such ideas for our consideration, rather than killing our proposals and suggesting that we guess what plan might be approved by the Department.

It appears to us that certainly 5 years should have been ample time for the Department of Agriculture to have developed and presented to Congress constructive proposals with respect to improving the peanut program.

We earnestly request that this committee look with favor upon H. R. 6288 as being at least one constructive and forward move in improving the peanut program from the viewpoint of the producers, for whom the program is supposed to be designed.

Thank you for the privilege of being here, Mr. Chairman.

Mr. ABBITT. Mr. Sugg, I appreciate this splendid statement that you have given us, and I would just like to ask your opinion about that next to the last paragraph you quoted from.

Do you gather from that that the Department is fearful if you increase the carry over that the support price might be increased?

Mr. SUGG. Yes, sir.

Mr. ABBITT. Unless other legislative actions went along?

Mr. SUGG. I gather from that that they either are afraid it is going to increase the support price or they have some hidden gimmicks over in the Department they haven't told us about. I would like to know what they are if they have some proposals that might help the program accompanied with this bill.

Mr. ABBITT. In other words, if there are some other matters you would like to know about them?

Mr. SUGG. Yes, sir.

Mr. ABBITT. If it would be helpful you would like to help get it done?

Mr. SUGG. Absolutely.

Mr. ALBERT. May I ask a question? It is strange to me in this report from the Department, and I think this is a relevant observation, that after all the complaints we have had about imports, the Department didn't even touch upon the effect that this legislation would have upon that matter.

Doesn't that seem strange to you?

Mr. SUGG. Yes, sir.

Mr. ALBERT. That they do not even mention that, as much argument as we have had about it?

Mr. SUGG. Yes, sir. We had two very bitter fights on imports.

Mr. ALBERT. They haven't even said anything about it. I would like to know what they think the effect would be on supplying American markets with American peanuts hereafter if this provision were adopted, because the people in my district become aroused when they find out that they are letting foreign peanuts come into this country.

Mr. SUGG. The people in our district get that same way too, sir.

Mr. McMILLAN. As I understand it, the peanut growers of North Carolina heartily endorse this bill?

Mr. SUGG. Yes, sir.

Mr. McMILLAN. 6,288?

Mr. SUGG. Yes, sir.

Mr. ABBITT. Mr. Sugg, don't you believe if there are some gadgets over there and they haven't told us about it, that they have violated our civil rights?

Mr. SUGG. I believe so; yes, sir.

Mr. ABBITT. That is all. Thank you.

Mr. McMILLAN. Thank you very much, Mr. Sugg.

Mr. Grizzard, do you care to make a statement at this time?

Mr. GRIZZARD. I don't have a prepared statement.

Could you call Mr. Martin and Mr. Hubbard first. He does have word from the Farm Bureau.

Mr. McMILLAN. Mr. Hubbard, would you come to the witness stand?

Mr. Hubbard is the executive secretary of the Farm Bureau.

STATEMENT OF M. A. HUBBARD, EXECUTIVE SECRETARY, VIRGINIA FARM BUREAU FEDERATION

Mr. HUBBARD. My name is M. A. Hubbard and I am the executive secretary of the Virginia Farm Bureau Federation.

We have a paid-up membership of 17,420 farm families, a good many of whom are producers of peanuts.

At the last annual convention of the Virginia Farm Bureau Federation, the following resolution was adopted without a dissenting vote:

The last 5 years' average carryover of peanuts as of August 1 by industry, exclusive of CCC stocks, has been 133,000 tons, whereas the present definition of normal supply permits only 98,000 tons. Further, in 1956, by administrative action, the USDA refused to divert approximately 40,000 tons of CCC peanuts in order to provide an ample supply. These circumstances clearly indicate the need to amend the definition of normal supply so as to conform to present-day practices of the industry and administrative actions of the USDA. We urge the definition of "Normal supply" in computing carryover for peanuts be changed from 15 to 25 percent of the estimated domestic consumption plus estimated exports.

Our peanut growers are constantly giving study to ways and means of improving our peanut program and they are exceptionally well informed as to the many factors which have an important bearing on their prospects of continuing to earn a good income from the production and sale of peanuts.

It is not possible to regulate the production of any agricultural product, peanuts included, with any great degree of precision. We can and do control the number of acres planted. Total production, however, is a product of acres times yield.

Yield per acre is a variable affected by weather and a lot of other things over which we have little or no control.

It is to our advantage to produce and have available to the trade an ample supply of peanuts at all times. However, the present definition of "normal supply" is such that we must either run the risk of having an oversupply and a lower price during a good crop year, or having a short supply and consequently a need to import peanuts should we happen to have a bad crop year. Neither of these

choices is a good one. A lower price on a given quantity of peanuts means less income. On the other hand, we don't get any income from peanuts which must be imported in order to keep the pipelines full and meet the demands of the trade.

The fact that it has been necessary to import peanuts from time to time bears evidence to the fact that we have tried sincerely to operate within the present definition of "normal supply". It is also evidence that a more liberal definition of "normal supply" is needed if we are to have a program designed to fit the needs of the industry, both from the standpoint of producers as well as that of peanut processors and end users.

In requesting that "normal supply" be defined as 25 percent of estimated domestic consumption plus exports, we are simply asking that present legislation be amended to conform to what is already being done in actual practice. Outside of CCC stocks, the average carryover in the hands of the trade for the last 5 years has been about 133,000 tons. If we add this to CCC stocks, the figure would be about 171,000 tons. The figure would seem to be a lot nearer to "normal" than the 98,000 tons now permitted by legislative definition.

Domestic consumption and exports for the marketing year, 1957, has been estimated by the USDA at 666,000 tons. A normal supply definition of 25 percent of this amount would be 165,000 tons. On February 25 of this year, the Secretary, by administrative action, announced 205,000 tons as the carryover needed to insure adequate supplies. This is 40,000 tons in excess of the amount represented by the suggested 25 percent normal supply definition.

In behalf of our peanut growers, we urge that H. R. 6288 be reported favorably, and we urge that you lend your support toward the early enactment of this legislation.

Thank you, Mr. Chairman.

Mr. ABBITT. Mr. Hubbard, I want to congratulate you on that fine analysis of the peanut situation. Of course, I realize that there have been other questions asked that might nearly cover the area, but I gather that you are in accord that the 25 percent would not be excessive carryover, that it is in line conservatively with the practice, and unless you do look at the matter realistically, it vitally affects the support price of our growers' peanuts?

Mr. HUBBARD. That's right, and if we try to shave so close that we don't get an oversupply under the present definition, if we have a bad crop year it is unavoidable that we have to import a lot of peanuts, and of course we don't make any money off of peanut imports. We would like to supply the market ourselves but we don't want to penalize ourselves if we happen to run into a good yielding year and get an oversupply under the present definition.

Mr. ABBITT. Don't you feel that our peanut producers want to do whatever is necessary to keep a good, sound program in order that they can keep their price program and in addition to bring in line with having a sound program?

Mr. HUBBARD. The record would certainly indicate that.

Mr. McMILLAN. Mr. Albert?

Mr. ALBERT. No questions.

Mr. McMILLAN. Would you care to make a statement, Dr. Grizzard?

STATEMENT OF L. A. GRIZZARD, CHAIRMAN, PEANUT COMMITTEE, VIRGINIA FARM BUREAU FEDERATION

Mr. GRIZZARD. I am L. A. Grizzard, chairman of the peanut committee for the Virginia Farm Bureau Federation. I would like to support the statements, without going into detail, as submitted by Mr. Rawlings, Mr. Sugg, and Mr. Hubbard; and I would like to add that the thing that puzzles me very much about this entire situation is if the Department is practicing something, why is it so morally wrong to put it into law? That is the thing that puzzles me. If you can do something, and I have been taught and understood this flexible price support program, and I have been told by a number of people in the Department, if you keep supply in line with demand you get 90 percent. Oversupply, you are reduced accordingly. This practice that has happened for the past 5 years and in the neighborhood of 171,000 tons seems to be fair. That is what the pipelines need and the industry requires to prevent a shortage. Your farmers and our growers are cooperating in the law by maintaining acreage controls. What is wrong, then, with this practice that they cannot support it? I would like to know some of the hidden gimmicks as mentioned a while ago, I would like to know what they are. In talking personally you can't find them out. That is all I have to say. I thank you very much for giving me the opportunity to appear before you.

Mr. McMILLAN. Thank you, Doctor. We are happy to have you with us to get your opinion on this proposed legislation.

Mr. GRIZZARD. It does seem a little funny that we always flex down when it says keep supply in line with demand.

Mr. ABBITT. I want to express my appreciation for your coming up here. As a grower and one who is vitally interested in this program and one who has worked to maintain a sound program, don't you feel that our peanut growers are anxious to preserve a sound program, do whatever is necessary to keep it sound?

Mr. GRIZZARD. Yes, and we have a resolution in the Virginia Farm Bureau that Mr. Hubbard read you a moment ago that we have every year had a resolution that we are willing to abide by whatever controls are necessary to keep supply in line with demand and assure us a reasonable price.

We don't think it is quite fair when the practice that the Department has carried on for the past 5 years of increasing each year—this year it is about 40,000 tons above the 171,000 and yet it is driving the price down. I don't think it is quite fair and our growers don't think it is fair, and they have certainly tried to abide by the law.

Mr. ABBITT. That is my understanding. If they are going to do that then they have got to have the cooperation of the Department.

Mr. GRIZZARD. That's right.

Mr. ABBITT. And fair treatment by the legislators?

Mr. GRIZZARD. We have gone one step further, Mr. Abbitt. You will remember we asked this committee to put a heavy penalty for overplanting, 75 percent, to assure the fact that we would stay in line. We were trying to clean up, so to speak, our back yard. If we had any trash in it we were trying to get it out with that additional penalty. I hope you report this bill very favorably and we wholeheartedly support it.

Mr. McMILLAN. We have Mr. Wingate of the Georgia Farm Bureau here.

Do you care to make a statement, Mr. Wingate?

STATEMENT OF H. L. WINGATE, PRESIDENT, GEORGIA FARM BUREAU FEDERATION

Mr. WINGATE. Gentlemen, I want to take this opportunity to thank the committee for being able to appear before you on H. R. 6288 and express our opinions with reference to the bill. I would like to endorse wholeheartedly the fine statement that was made by Bill Rawlings and Joe Sugg. They have covered the situation very, very well I think. I do not have a prepared statement but we have worked together and discussed this matter, and I wholeheartedly endorse their statements. I would like to say that the object of this bill as I understand it is to place into the law what is being done, I mean the 15 percent carryover is approximately 99,000 tons. Industry has been carrying about 131,000 over the average of 5 years, and the total with industry and CCC, it has been running around approximately 170,000 tons. To raise this percentage from 15 to 25 in my opinion is very conservative because it would place it at approximately 165,000 tons. That is what has been carried on. Now the 15 percent we have learned is dangerously low; in a bad year—we have had 2 or 3 of them—puts us into a position that we have to import peanuts into this country. This is very disturbing to the farmers in the State of Georgia. We feel that it certainly should be raised enough to prevent those things from happening. We have a guaranty that our cost of production is going up and up and up it looks like, and we have trouble getting the support price to be a little bit sort of stable under the commodities that we are producing. What I mean, the guaranty that prices are going up, wages are going up, everything else is going up, and there is nothing in the world to keep the commodities, the things that we have to buy to produce these crops, from going higher and higher.

The flexible price program, I think there is where the trouble comes in on this bill with the Department. As long as it is flexing down it is perfectly all right. There has never been an argument against that from the Department. But if it ever starts to flex up and they can sight that a little bit ahead, they are in here ready to make a hard fight because it is going to upset the situation.

Now, it is no secret, it has been said openly, and since Congressman Albert was not in here, I would like to read again from Mr. Rawlings' statement, Congressman Albert, to clear up this point of what Mr. Rawlings said in his quoting, and that is the reason I would like to read it again.

Mr. ABBITT. Let me just interrupt you 1 minute. Mr. Chairman, I ask unanimous consent that Mr. Thigpen's statement in Georgia in November 1956 be filed as part of the record.

Mr. McMILLAN. Without objection it will be inserted.

(The document referred to is as follows:)

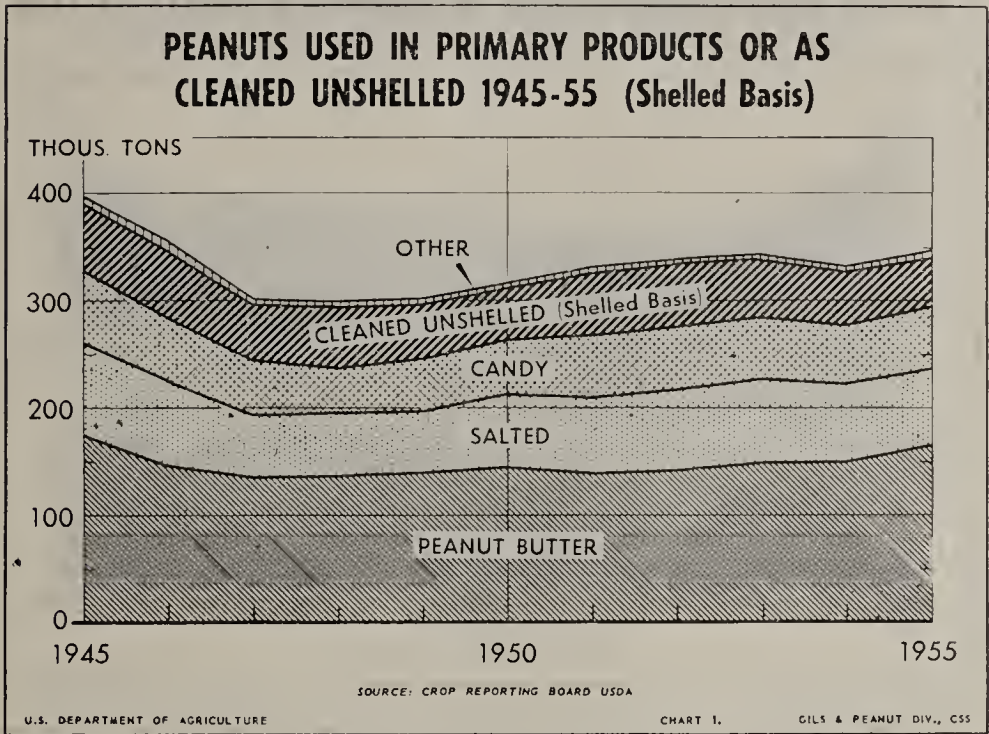
SUMMARY OF REMARKS BY J. E. THIGPEN, DIRECTOR, OILS AND PEANUT DIVISION, COMMODITY STABILIZATION SERVICE, DEPARTMENT OF AGRICULTURE, AT THE 18TH ANNUAL MEETING OF THE GEORGIA FARM BUREAU FEDERATION, ATLANTA, Ga., AT 2 P. M., NOVEMBER 19, 1956.

My discussion today is divided roughly into three phases: first, economic aspects of the peanut situation; second, program objectives and operations; and third, administrative experience under existing legislation.

I. ECONOMIC ASPECTS OF THE PEANUT SITUATION

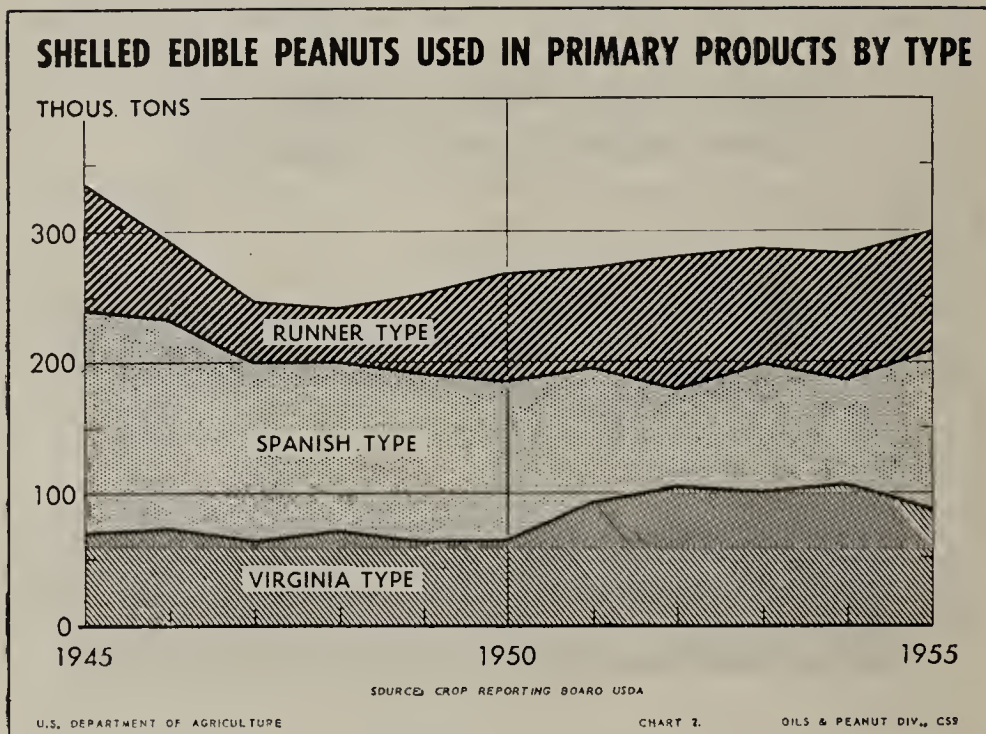
Charts 1 through 11 show some of the changes which have occurred in the production and use of peanuts and peanut products in recent years.

CHART 1. CONSUMPTION OF EDIBLE PEANUTS IN COMMERCIAL PRODUCTS



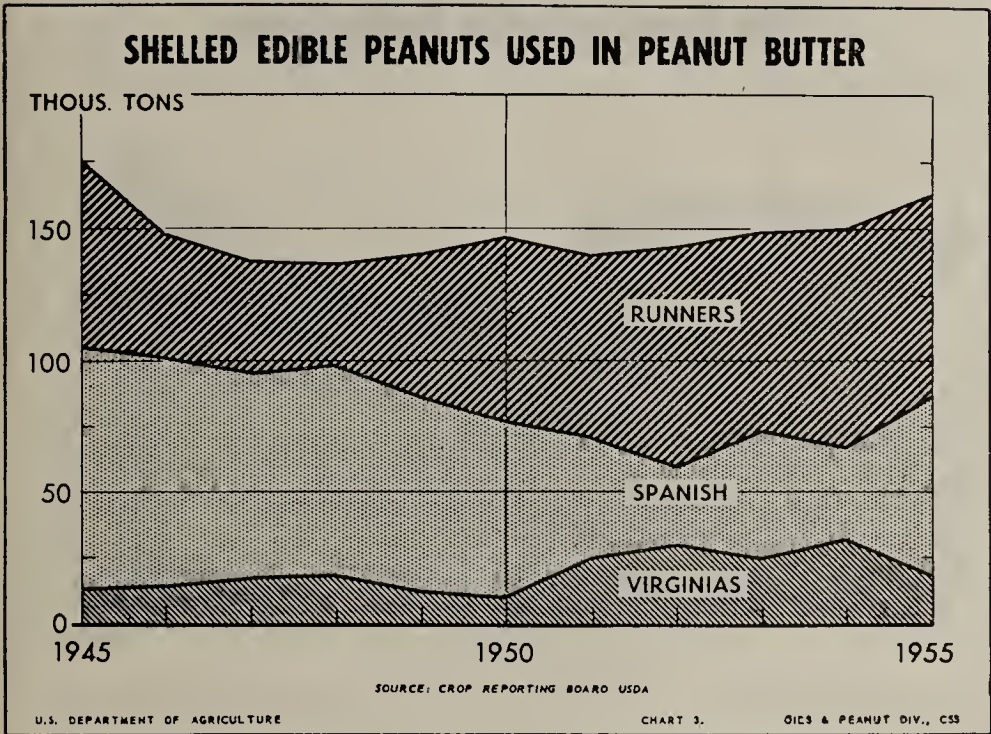
The consumption of peanuts in commercial products declined after the war, reaching a low point in 1947, 1948, and 1949. Since that time consumption has shown a gradual increase except during 1954 when a short crop was produced. All products have shared in this increase except unshelled peanuts which have declined since 1952.

CHART 2. USE OF EDIBLE PEANUTS IN COMMERCIAL PRODUCTS BY TYPES



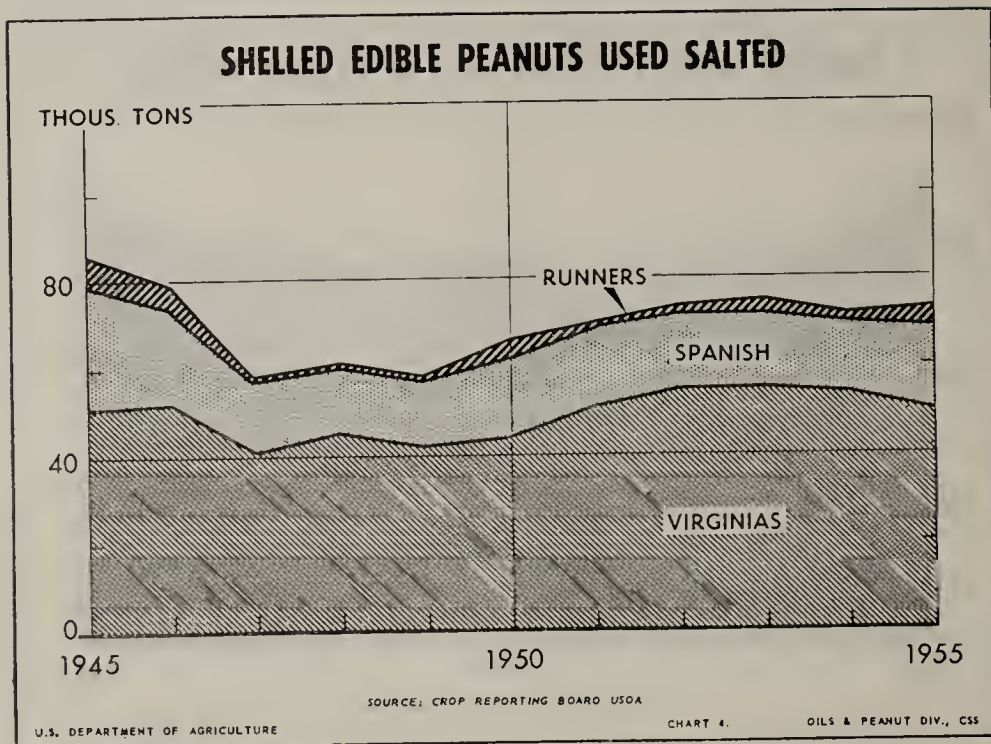
Important shifts have occurred since 1948 in the proportionate use of Virginia type, Spanish type, and Runner type edible peanuts in commercial products. The decrease in the use of the Spanish type is most striking. This has occurred in part because of a tendency of farmers in the Southeast to shift from Spanish to Runner production and in part because of periodic shortage due to drought in the Southwest.

CHART 3. TYPES OF PEANUTS USED IN PEANUT BUTTER



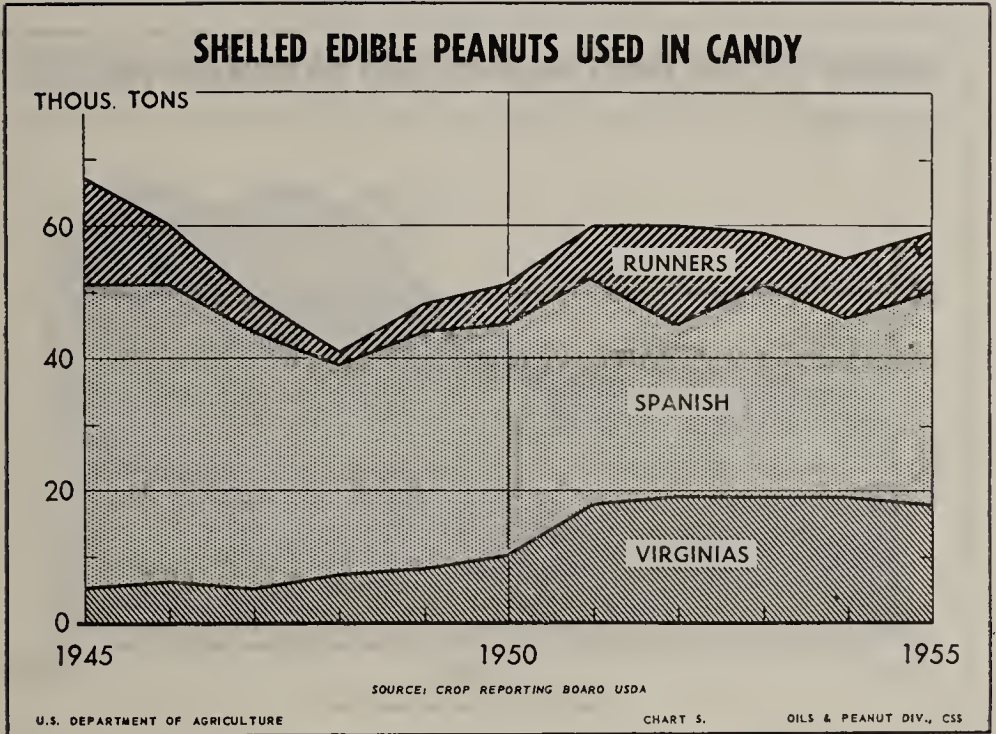
Broad substitution among types of peanuts used in making peanut butter has occurred as supply and price relationships have shifted. The gradual increase in peanut-butter production since 1948 has been accompanied by a marked increase in use of Runners and a noticeable decline in the use of the Spanish type. Use of Virginias has also shown some tendency to increase.

CHART 4. TYPES OF PEANUTS USED SALTED



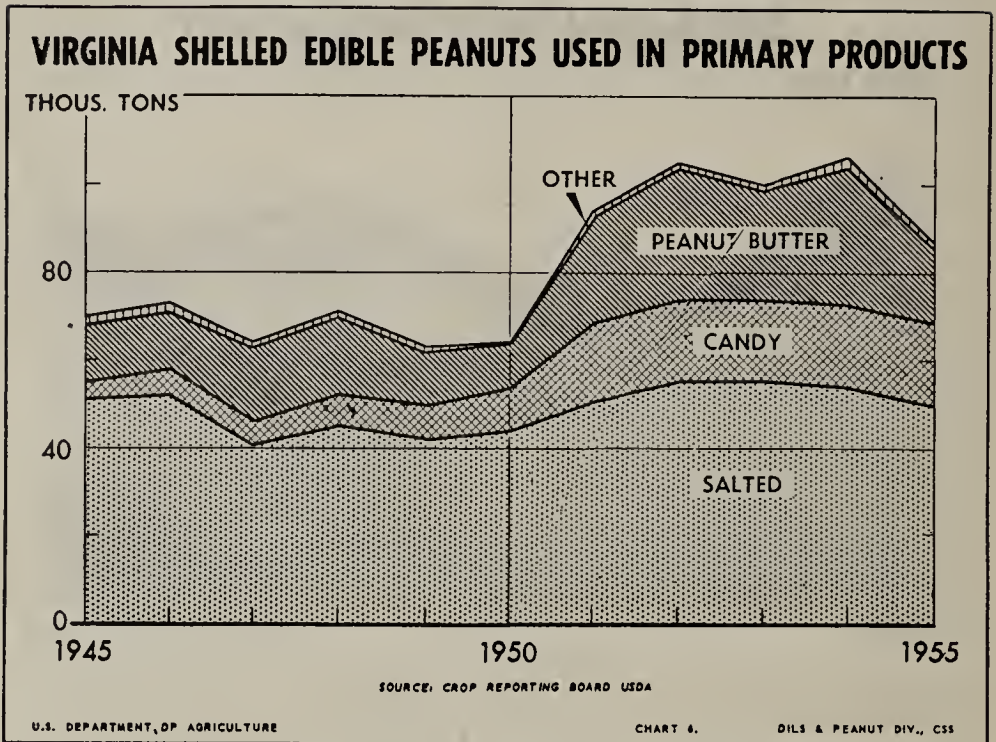
Little substitution occurs among types in the salted nut trade. Some increase has occurred in the processing of salted nuts since 1949, but in most years since the war the proportion of Virginias used was held between 70 and 75 percent. Except for the use of from 2 to 5 percent Runners, the remainder of the salted peanuts are of the Spanish type.

CHART 5. TYPES OF PEANUTS USED IN CANDY



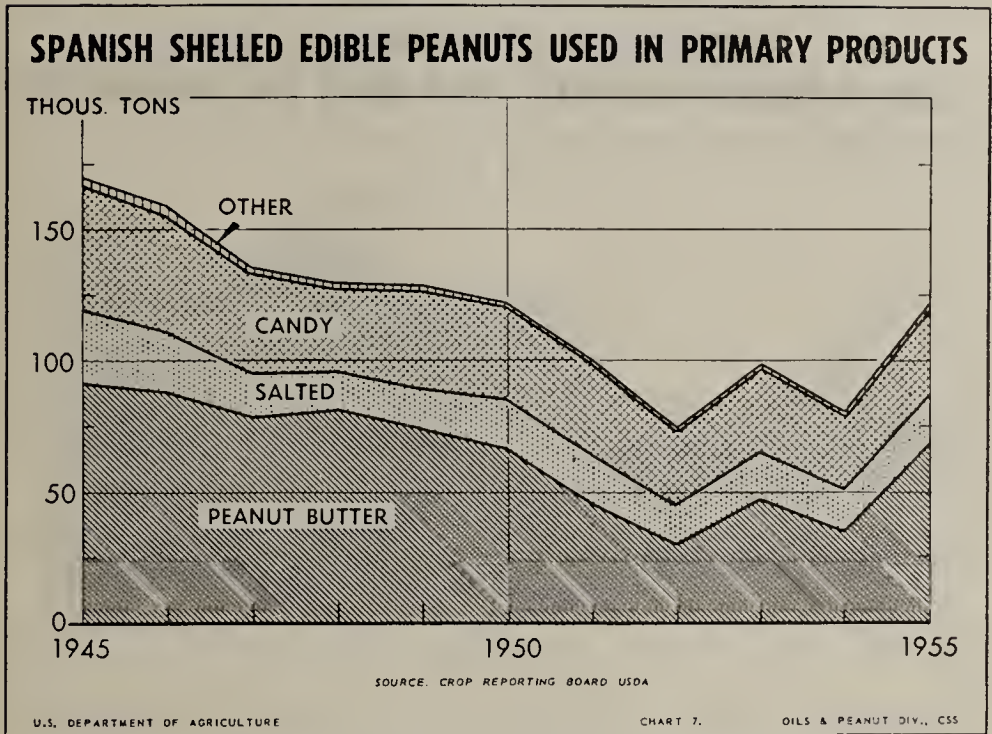
Candymakers continue to show a strong preference for Spanish type peanuts. Limited substitution and some indication of a change in demand as among the types used in candy since the war are evident. Virginias increased sharply between 1949 and 1951 and have held at the higher level. Runners show only a small gain.

CHART 6. VIRGINIA SHELLED EDIBLE PEANUT USES



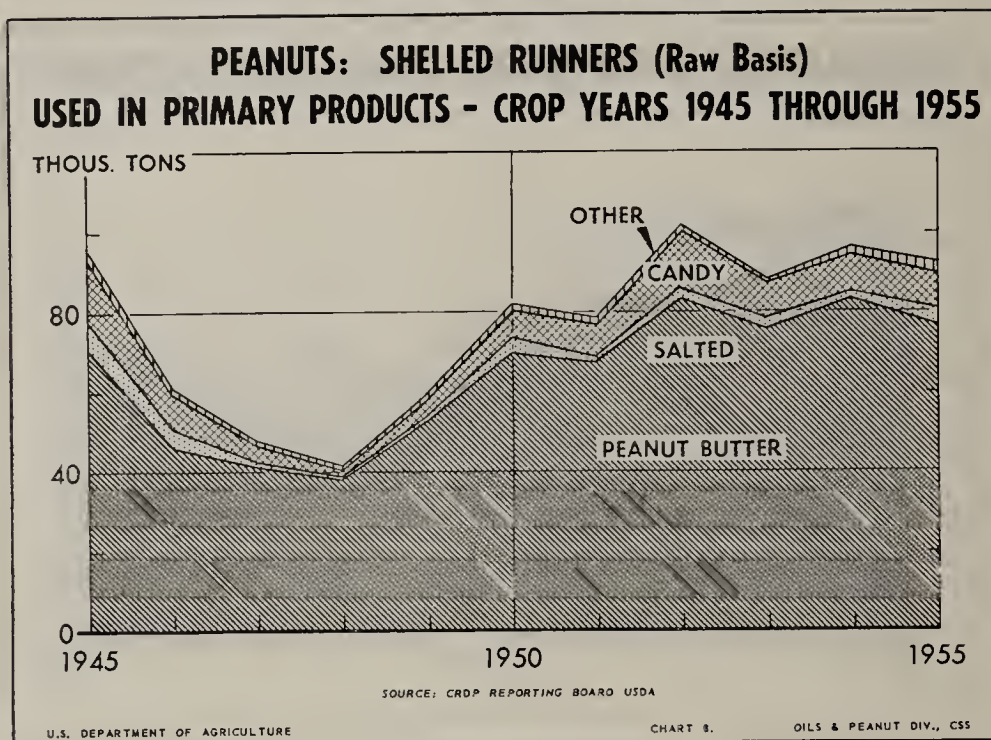
After holding relatively steady for 6 years after the war, use of shelled edible Virginia type peanuts in commercial products increased to what appears to be a new level of usage. The increase was reflected by greater use in each of the three major products with the largest proportionate gain in candy. Similar quantitative but smaller relative increase occurred in peanut butter.

CHART 7. SPANISH SHELLED EDIBLE PEANUT USES



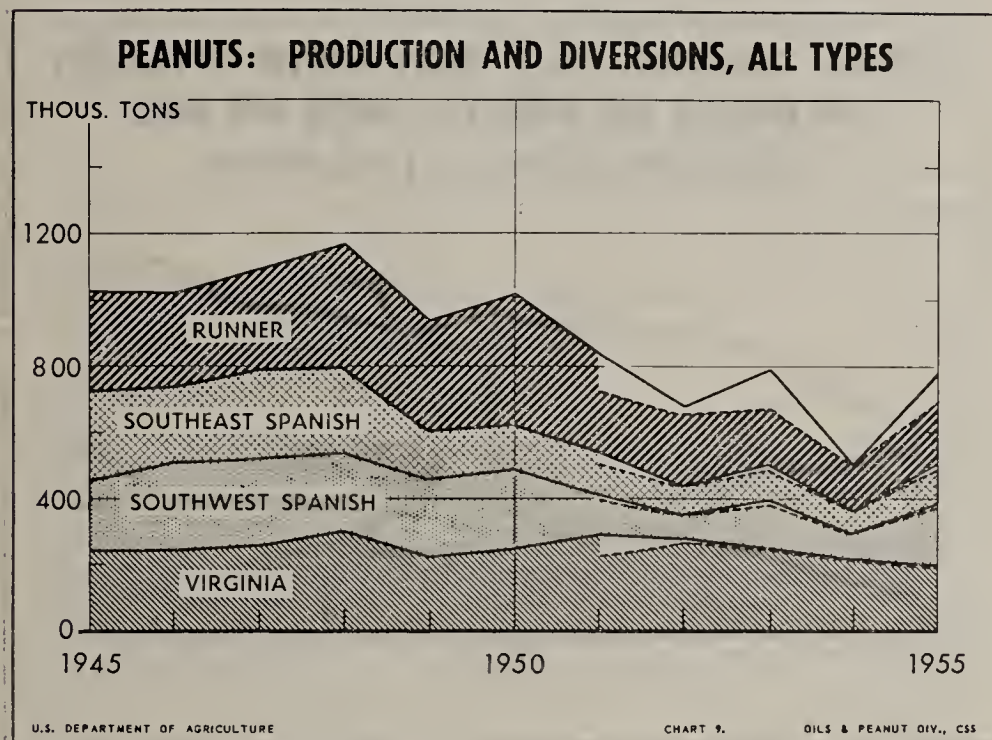
Edible use of Spanish type peanuts moved from near 130,000 tons in the years 1947-49 to an average of 93,000 tons for the years 1952-55. The decrease occurred almost entirely in peanut butter with only minor decreases in salted and candy uses. The change in overall usage is chargeable in part to shifts from Spanish to Runner production in the Southeast and in part to poor crops in the Southwest.

CHART 8. RUNNER SHELLED EDIBLE PEANUT USES



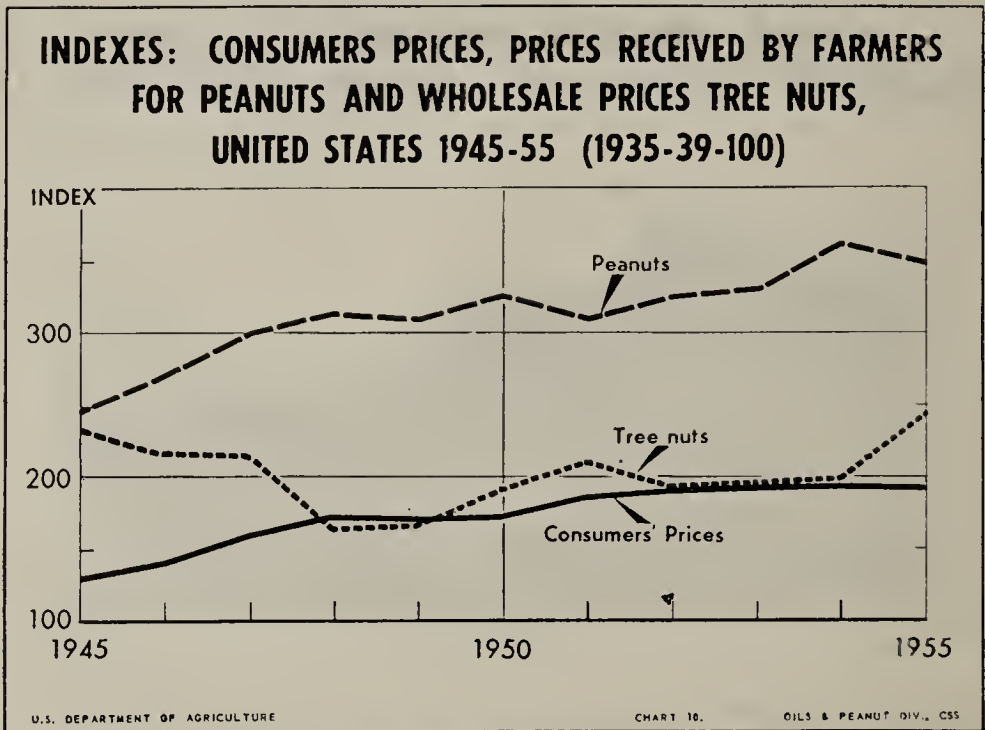
Edible use of Runners moved from an average of about 50,000 tons in the years 1947-49 to an average of about 94,000 tons in the years 1952-55. About 36,000 tons of this gain was in peanut butter and about 7,000 tons in candy. Factors involved in this shift were somewhat better quality and ample supplies of Runners to replace the decreasing supplies of Spanish peanuts.

CHART 9. PRODUCTION AND DIVERSIONS—ALL TYPES



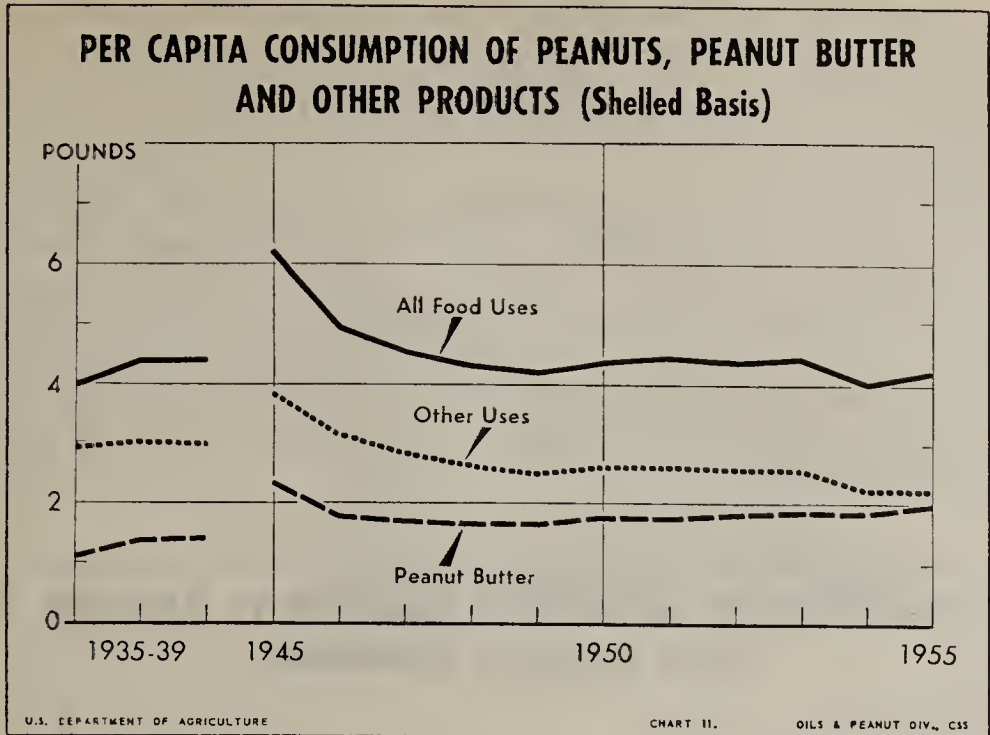
Production which was increased to provide oil for war-created needs has been reduced close to current edible requirements by application of marketing quotas since 1949. Production of Virginias which was expanded least during the war has been reduced least. Since 1952 diversion of surplus amounted to 235,000 tons for Runners; 44,000 tons for Spanish and 16,000 tons for Virginias. Diversion by types is shown by the unshaded portions on the chart below.

CHART 10. PEANUT PRICES, CONSUMER PRICES, AND TREE NUT PRICES



Average price relationships for the last 5 years as against the average for 1935-39 show peanut prices to be 335 percent of the 1935-39 level; consumer prices 190 percent; and tree nuts 207 percent. Peanut prices have trended upward since 1945 and at a more rapid rate than consumer prices. Tree nuts prices have varied and have not shown a steady upward trend.

CHART 11. PER CAPITA CONSUMPTION OF PEANUTS AND PEANUT PRODUCTS



Total per capita consumption of peanuts since 1949 has been relatively stable and at about the 1935-39 level. Peanut butter has increased above the prewar level but other products have declined.

In summary, from an economic viewpoint the peanut industry has not shown a satisfactory rate of growth in the postwar years. On the contrary, consumption on a per capita basis is about holding its own for some products and declining for others. The supply of peanuts in relation to the edible requirements for the various types has created some problems. Prices of peanuts have increased more in the postwar period than have prices generally for goods bought by consumers or the prices of competing products such as tree nuts. The influence of supply price, type, and quality factors upon the growth of the peanut industry should be considered by farmers who are interested in producing and moving a larger volume of peanuts to market.

The foregoing discussion has been directed toward analysis of broad economic aspects of the peanut situation. The situation in relation to the current crop can be summarized briefly. Production of Spanish appears to be less than, production of Runners appears to be more than, and the production of Virginia peanuts appears to be near the current level of edible requirements for the respective types. The Southwest crop was reduced by drought and is presently estimated at about 71,000 tons compared with 187,000 tons last year. The excellent crop in the Southeast is currently estimated at 413,000 tons compared with 396,000 tons in 1955. The crop in the Virginia-Carolina area is currently estimated at 260,000 tons compared with 199,000 tons last year. However, the Virginia-Carolina crop and the percentage of sound peanuts milled out of the crop both may be reduced by the wet weather which delayed digging of part of the crop for several weeks and damaged peanuts which had been dug and stacked. The overall surplus of all types in the crop now appears to range between 80 and 110,000 tons. To date about 29,000 tons of Spanish and 89,000 tons of Runner peanuts have been placed under loan, all in the Southeast. The Spanish peanuts probably will be redeemed and sold for edible use.

II. PROGRAM OBJECTIVES AND OPERATIONS

(a) *Marketing quotas.*—The purpose of peanut marketing quotas is to maintain a continuous and stable supply from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.

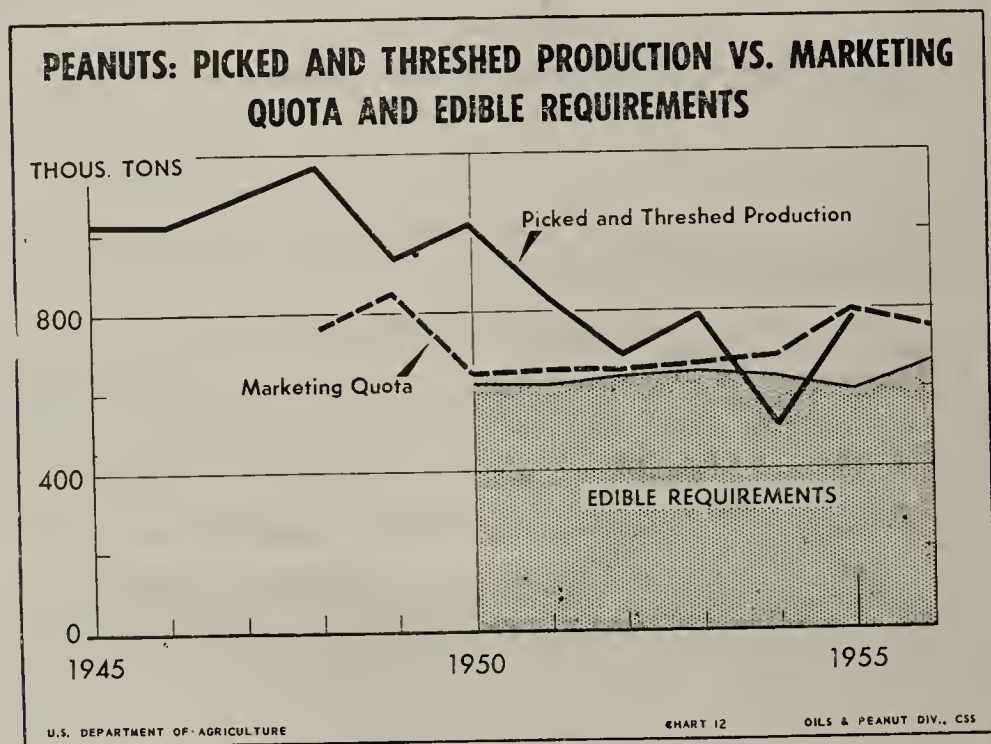
Legislation provides for a quota which is equivalent, in effect, to estimated edible requirements. The law originally authorized production and sale of excess peanuts at the market value for oil and meal. Penalty was fixed for noncompliance.

During the war and early postwar years, quotas were removed. Production was encouraged to provide oil needed by the United States and its allies. Shellers bought peanuts against support prices and CCC underwrote any loss on peanuts going into oil.

The legislation was amended during the postwar period. In 1950 and 1951, production and sale of excess peanuts for oil and meal were permitted on a limited basis. Beginning with 1952, a penalty equal to 50 percent of the support price was placed on all sales of excess peanuts. This penalty was increased to 75 percent of support in 1956.

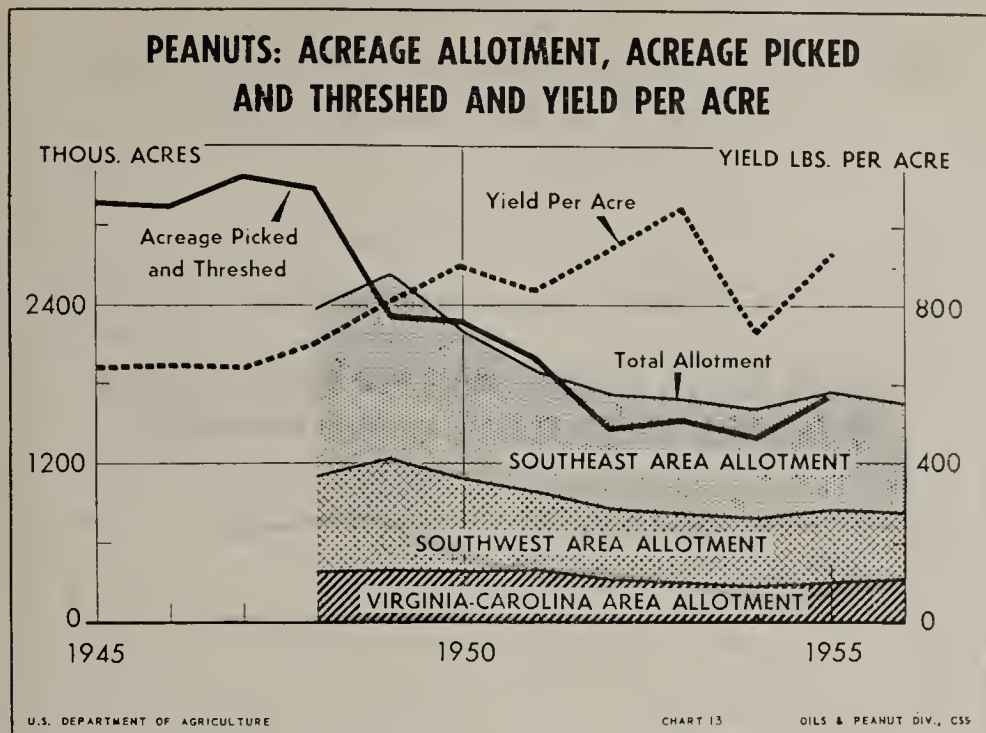
Subject to the referendum on December 11, the marketing quota for 1957 has been announced as 725,000 tons and the acreage allotment is set at the legal minimum of 1,610,000 acres.

CHART 12. PRODUCTION AND MARKETING QUOTAS



Actual peanut production has varied substantially from the annual marketing quotas and has been inadequate for some types even with an overall surplus in some years. The production of all types fell below edible requirements in 1954. Edible requirements including not only the commercial edible use but also the associated uses such as seed have remained fairly constant in recent years.

CHART 13. PEANUT ACREAGE ALLOTMENT AND ACRES PICKED AND THRESHED

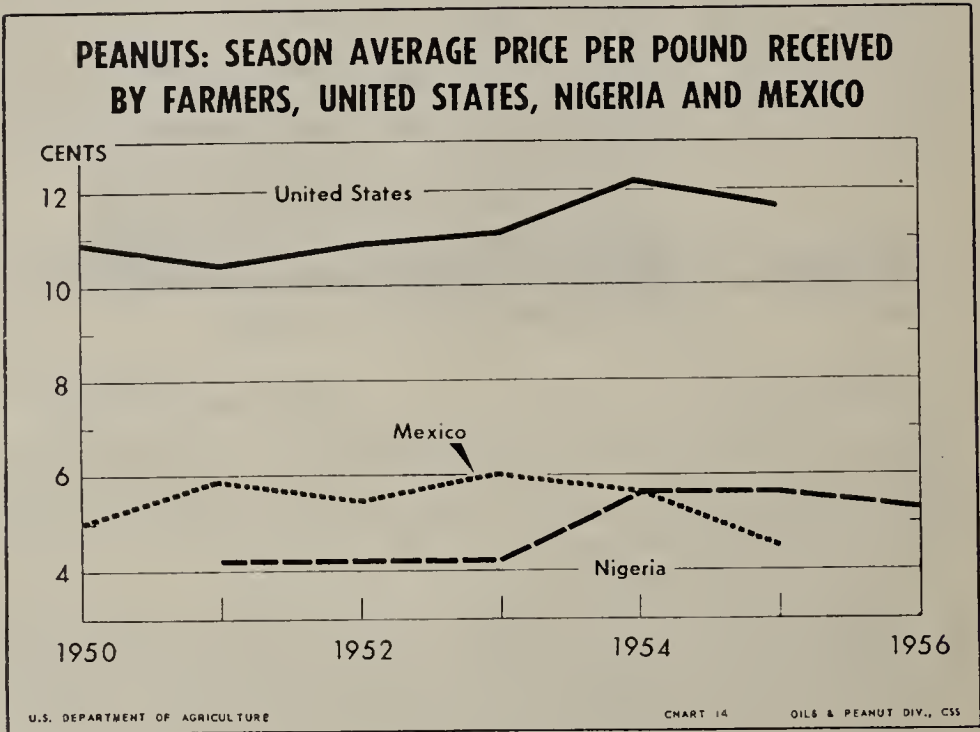


The acreage of peanuts picked and threshed has been reduced steadily since marketing quotas were placed in effect in 1949. Following the amendment to the law in 1952 establishing a penalty on all sales of excess peanuts, the acreage picked and threshed has fallen below the allotted acreage. The yield per acre of peanuts has changed substantially from year to year but shows a gradual upward trend.

In summary, marketing quotas since 1949 have not resulted in adequate and stable supplies. Wide variation in yields as a result of weather conditions causes production to vary substantially from quotas. In most years, there has been some surplus because quotas, as based on the minimum allotment fixed by law, have been somewhat above edible requirements. In 1954 the production was inadequate to meet domestic requirements and imports were necessary. In 1955 the production of Virginia type peanuts was inadequate to meet edible requirements for that type. Although quotas have not resulted in adequate and stable supplies, they have reduced production from the wartime level of around 1 billion tons to an average for the 4 years, 1952-55, of 688,000 tons. Quotas and allotments have been established and administered to the satisfaction of most peanut growers by State and local offices and committees. Farmers and buyers have cooperated in the quota operations. Violations have been relatively few and where they have occurred have been handled with relatively good effectiveness.

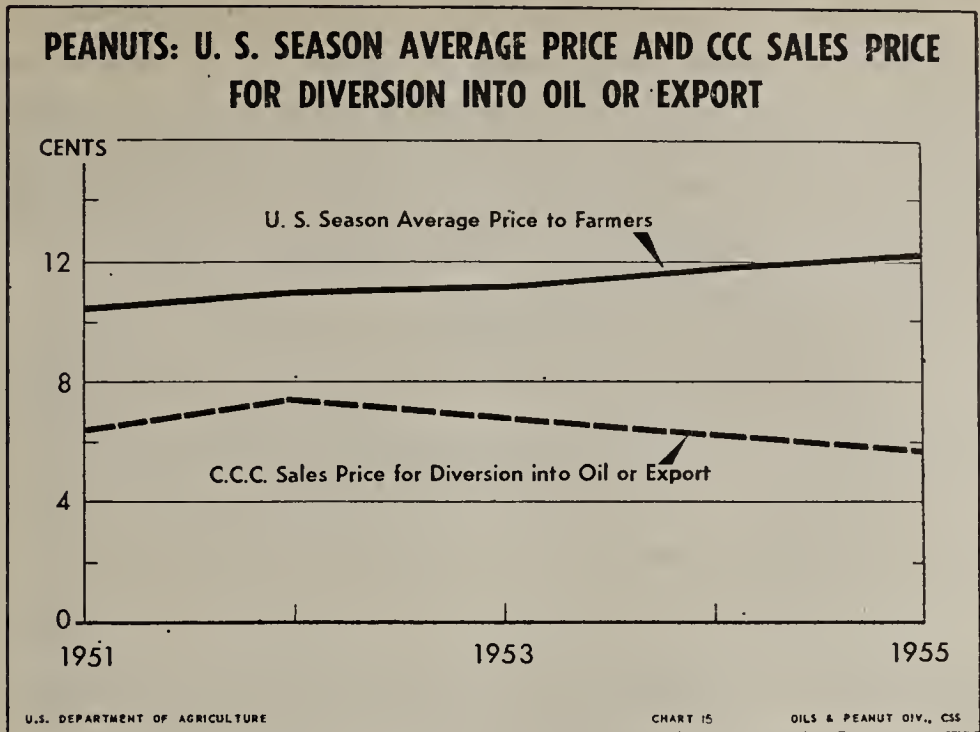
(b) *Price supports.*—The general purpose of peanut price supports is to protect the prices received by growers for peanuts at levels established in accordance with law.

CHART 14. PEANUT FARMER PRICES COMPARED WITH FOREIGN PRICES



The United States farm price for peanuts as maintained by the price-support program from 1950 through 1955 has been more than twice as much as the farm price in Nigeria and the wholesale price in Mexico. In the period 1950-55 United States produced an average of 766,000 tons of peanuts primarily for edible use while the world production at prices somewhat equivalent to those indicated by the Nigerian and Mexican prices averaged 11,383,000 tons and was used primarily for oil and meal.

CHART 15. GROWER PRICES AND COMMODITY CREDIT CORPORATION DIVERSION SALES PRICES



From 1951 through 1955 United States farm prices for peanuts averaged 11.3 cents per pound. The price received for surplus peanuts diverted into oil or export by the Commodity Credit Corporation averaged only 6.5 cents per pound.

In summary, price support programs have been effective in supporting prices to farmers at established levels. United States prices have been maintained at levels more than double the world price levels for peanuts and almost twice the level of prices received by CCC for peanuts diverted by crushing into oil and meal and into foreign markets.

Administrative operations as such have been less satisfactory than those for marketing quotas and in fact have been difficult and troublesome. Perhaps, some of these administrative problems can be brought out by discussion of action designed to correct and improve operations.

First, in 1955 and again in 1956, minimum prices have been established at which peanuts could be sold for edible use after they were placed under CCC loans. The markup above loan advances and costs is high enough to make it advantageous for shellers and manufacturers to risk their own money in buying peanuts directly from farmers at harvest time rather than to wait and buy them from loan stocks. This should mean a slightly better market for farmers, private financing of the commercial trade, and relief to CCC from the burden of financing the crop except for the approximate quantity representing surplus above edible requirements.

Second, diversion of the 1955 crop has been carried out so there is no doubt that peanuts sold for crushing have actually been crushed. Further, although cost of supervision necessary to accomplish this has been relatively high, the overall losses incurred by CCC certainly have been reduced to the extent that peanuts sold for diversion have not been moved into edible trade channels, thus making necessary equivalent additional diversion.

Third, a thorough review this year reaffirmed the soundness of previously established price differentials as among types of peanuts. It resulted in a technical correction which means a gain to farmers of around \$5 per ton above the loan advances which would have prevailed without the corrections. It also led to a change in the method of pricing peanuts for loan purposes which should (a) reduce CCC losses somewhat on diversion, (b) encourage movement of the better

rather than the poorer quality side of the crop into edible market, and (c) mean loan prices somewhat more stable and accurately related to the market value of peanuts delivered by growers.

Fourth, efforts will be continued to improve storage warehouse operations.

Fifth, while it is not the responsibility of the Oils and Peanut Division, active effort, with good prospect of real headway, is being made to improve the grading of peanuts.

Doubtless, you are most interested as farmers in changes which affect the level and determination of the loan advances this year. From 1952 to 1955 loans were calculated assuming that the percentage of sound mature kernels in an average crop was equal to percentages determined in 1952 from the grade data for the 1949, 1950, and 1951 crops. In the review this year the grade data available for the longer period, 1949 through 1955, showed the average percent of sound mature kernels to be smaller and correction was made accordingly.

This can be illustrated by contrasting runners in 1955 and in 1956.

(1) Estimated percent sound mature kernels for average crop:	
(a) Old (based on 1949-52) (percent)-----	68. 91
(b) Revised (based on 1949-55) (percent)-----	66. 68
(2) Loan advance per ton for 1956-----	\$203. 56
(3) Loan advance divided by revised estimated sound mature kernels equals value per 1 percent sound mature kernels:	
(a) Old-----	2. 95
(b) Revised-----	3. 05
(4) Value per 1 percent sound mature kernels times average grade ton equals ton value:	
(a) Old-----	196. 70
(b) Revised-----	203. 56
(5) Difference-----	6. 86

This is the main reason why the prices for runners of the 1956 crop are averaging about \$11 below prices calculated with 1955 support level and method although the 1956 support calculated as provided by law is \$17.76 below 1955.

Overall price support calculations for all types of peanuts are as follows:

Old parity, Aug. 1, 1955-----	\$272. 00
Support (90 percent of parity)-----	244. 80
Advance (support minus \$9)-----	235. 80
Old parity (Aug. 1, 1956)-----	278. 00
Transitional parity (95 percent of old)-----	264. 00
Support (86 percent of transitional)-----	227. 04
Advance (support minus \$9)-----	218. 04
Decrease from 1955-----	17. 76

To anticipate a question, I note that if the parity level had not moved up this year and the \$272 parity of last year had applied, the change to transitional parity and flexible support at 86 percent would show a decrease of approximately \$23 per ton, rather than \$17.76.

A change was made this year in the screen sizes used in shelled peanut grades and farmers stock peanut grades. For Runners a 16/64 screen is used in lieu of 15/64; for Spanish a 15/64 screen is used in lieu of 14/64. Adjustment was made in the value assigned to sound mature kernels in loan calculations to offset the fact that fewer peanuts would ride the larger screens. Also, to stabilize loan price determinations and bring them more closely in line with market values, a value of \$1.50 was established for each percent of kernels other than sound mature kernels with an offsetting decrease in the value assigned to the sound mature kernels.

(c) *Soil bank.*—The soil-bank operation poses some special problems when it comes to peanuts. There is no big carryover of peanuts such as that accumulated for wheat and cotton over a series of years. Rather, surplus has been disposed of from year to year by diversion. In applying the soil bank for peanuts for any given year, therefore, it is necessary to be careful that any reduction in the current crop will not be so great that it creates a shortage in supply, thus leading to the troublesome problem of imports. Furthermore, cost of reducing production through the soil bank will be as much as or more than the cost of diverting an equivalent quantity of peanuts into domestic crushing or export.

III. ADMINISTRATIVE EXPERIENCE UNDER PRESENT LEGISLATION

The marketing quotas, because of highly variable yields, have not been perfect regulators of peanut supplies. At present the marketing quota legislation fixes a minimum allotment of 1,610,000 acres. This allotment is perhaps from 3 to 5 percent higher than is needed with average yields to produce the quantity of peanuts required for edible purposes. If yields fall much below average, production can fall below edible requirements as in 1954. With an increase in consumption of peanuts in line with population increase of about 2 percent a year the allotment needed to produce peanuts required for edible purposes, even with average yields, may become greater than the minimum allotment. If this should occur the quota calculated in accordance with present provisions of law could result in a supply less than that needed for edible requirements.

On the price-support side, the definition of a normal supply creates a problem in applying the flexible scale of supports. The normal supply, in effect, is the estimated consumption for the year plus an allowance of 15 percent for a carryover as of August 1. This carryover is entirely inadequate to provide any measure of safety against a short crop and is barely enough to permit continued manufacturing and distribution from August 1 until the new crop becomes available in the latter half of August and September for Spanish, September and October for Runners, and October-November for Virginias.

There are a number of smaller points on which administrative experience under existing legislation has been unsatisfactory.

State allotments at present are frozen. In some States the allotments are larger than needed while in other States the reverse is true.

Allotments at present are established for farms which produced peanuts in the preceding year without acreage allotments as "old farms." This has given rise to some problems which might be handled with less difficulty by establishing the allotments under the provisions relating to new farms.

Both the quota and price-support operations are delayed slightly each year now because of the fact that price support and the penalty for marketing quota operations are based on prices as of August 1. This delay could be avoided if the date were moved ahead to say June 1.

IV. SUMMARY

My statement today has been both lengthy and technical. Perhaps one way to bring the discussion into focus is to ask a number of questions.

(1) Why is the peanut industry showing such a slow and unsatisfactory rate of growth?

(2) Can the production of peanuts in terms of type, variety and quality be modified more in line with consumer preference?

(3) Can technical improvements in production, harvesting, processing and marketing be made so as to lower the cost of producing peanuts and, ultimately, the cost of peanuts to consumers?

(4) Can price-support policies be modified advantageously from the standpoint of growers?

(5) Can growers along with other segments of the industry help bring about increased consumption by a program of promotion?

(6) Can the administration of programs be improved? Marketing quota operations? Price support operations?

(7) Is it advisable to use the soil bank for peanuts?

(8) Can modifications be made in existing legislation based on administrative experience which would improve program operations and more nearly accomplish broad objectives of the legislation?

Mr. ABBITT. Now you go ahead.

Mr. WINGATE. This statement was made on November 19, 1956, by Mr. J. E. Thigpen, Director of Oils and Peanut Division, Commodity Stabilization Service, USDA.

Addressing the 18th annual meeting of the Georgia Farm Bureau Federation, Biltmore Hotel, Atlanta, Ga.—and, by the way, I might say that I am president of the Georgia Farm Bureau, and it was at our annual convention last year where this statement was made.

Mr. Thigpen's prepared statement, page 24, contained the following statement:

On the price support side the definition of a normal supply creates a problem in applying the flexible scale of supports. The normal supply in effect is the estimated consumption for the year plus an allowance of 15 percent for carryover as of August the 1st. This carryover is entirely inadequate to provide any measure of safety against a short crop and is barely enough to permit continued manufacturing and distribution from August 1 until the new crop becomes available in the latter half of August and September for Spanish, September and October for runners, and October–November for Virginias.

Now gentlemen, that is true. I don't believe anybody would argue about that. It is just barely enough to get by, and we as farmers want to supply the peanuts that are needed, and we feel that to raise this surplus from 15 percent to 25 percent is very conservative. There is no real argument that has been brought against this bill here by the Department other than that it will affect the support program. I don't think it would affect that enough that they should be so disturbed over it, and I wanted to read that again, Congressman Albert, because you were not here to hear it, and that is from the head of the Department making the statement. I would like to state to you further about the peanut situation, the farmers are becoming very much aware of the fact that they need to get into this program and help with funds themselves for promotion and research to promote our peanut program. We feel that there is a wonderful opportunity to increase the consumption of peanuts.

We have a law that passed in Georgia that will allow the peanut producers to vote on it. I feel sure there will be a referendum in the very near future. We have just had one on tobacco under the same law. I feel that the peanut producers want to get in there and help do the job, and certainly we should be allowed to keep ample supply of peanuts here to do the job.

I would like to mention—Mr. Rawlings mentioned it so well—about the soil-bank situation. Peanuts were in it, and this year they say that the supply is short. Still they are flexed down in price.

It doesn't seem like they were so very short or there wouldn't have been the variation in the price program.

This is one bill that I do not know of any opposition from any producers in any section of the Nation. Every section that I know of is for this. I just can't understand why we shouldn't have it. I would like to call to your attention this flexible-price-support program disturbs me very much when I think that under this administration or under the present Secretary of Agriculture I do not remember at any time when he has advocated raising the prices of anything.

They are nearly always talking about that, they are going to lower the price to help the farmer in the long run. They have already chased off nearly 5 years, and since the flexible has been in, it has been approximately 2 years. They talk about reducing the supply by lowering the price. You will consume more.

You will notice from the estimates cotton consumption is dropping 500,000 bales this year. Cotton was lowered last year 3 cents a pound. They are estimating perhaps it will drop a little bit more in another year. Well, the prices are down. That thing is not showing up. That disturbs me very much when I know as a farmer that everything that I am buying is going up, up, up. I say that in connection with this. I can't understand why they should let the fact that if this 25

percent is placed into the law, that they would oppose it just because it would stabilize the price of peanuts a little more. Gentlemen, that is all I have to say about it. I would like to call your attention to one thing in this thing. I have heard it mentioned so much.

It is on peanuts and it is on everything else. I have heard a lot of people in high positions using this statement that your volume times price less cost equals your net income. Well, it does, but it also equals your loss or it equals your breakeven, and I have heard that thing used over and over and over. They are using volume, plant more acreage in cotton, sell it for less, and you can sit down with your paper and your pencil and figure it out that the increase in acreage with the drop in the price, you will work more hours, more acres, and get less income. That seems to be the road that we are headed down with our department, and it is disturbing to me, gentlemen. I appreciate this opportunity to appear before you, and I want to assure you that our peanut producers are vitally interested in this bill and would like to see it passed.

Mr. McMILLAN. We are certainly happy to have your statement, Mr. Wingate.

Mr. ABBITT. I would just like to express my appreciation for that fine statement and for your coming up here and giving this committee the benefit of your views. We are also glad to hear from you. You always take a very fine approach and meet the thought and are helpful to the committee.

Mr. WINGATE. Thank you.

Mr. McMILLAN. Mr. Albert?

Mr. ALBERT. I want to say amen to what Congressman Abbitt said.

Mr. McMILLAN. We have I believe some more people from North Carolina. Would any or all of you gentlemen care to make a statement.

STATEMENT OF J. F. TURNER, CHAIRMAN, NORTH CAROLINA FARM BUREAU PEANUT COMMITTEE

Mr. TURNER. Mr. Chairman and members of the committee, I am J. F. Turner from Jackson, N. C., chairman of the North Carolina Farm Bureau Peanut Committee.

On behalf of the North Carolina Farm Bureau Peanut Committee I wish to express my appreciation for the opportunity of presenting our views upon this amendment.

First of all, I would like to emphasize the importance and value of peanuts to the agricultural economy of North Carolina. With over 200,000 acres being produced, the peanut crop is the third largest crop in the State, valued annually at \$50 million and furnishes a livelihood to approximately 30,000 farmers.

Thus, a large area of eastern Carolina is extremely dependent upon a so-called peanut economy.

Our peanut farmers generally are well satisfied with the present peanut program and the administration thereof, but many growers are becoming concerned about the need of ample supplies of quality peanuts for the peanut industry and the general trade.

The peanut growers wish to be given full opportunity to produce an adequate supply before the import channels are utilized.

The farmers of North Carolina are anxious to make their pro rata contribution in peanut production in view of the fact that the peanut acreage has been reduced from 315,000 acres in 1948 to approximately 200,000 acres in 1957.

With the increased demand by the peanut industry over the past 5 years, it is the judgment of our growers that 15 percent of the sum, for consumption and exports is insufficient at the present time and under present demand trends.

I believe the estimated consumption and exports for the 1957 marketing year is based upon 660,000 tons. Since the Secretary announced on February 25, 1957, the Department of Agriculture considered it necessary to provide 60,000 additional tons of peanuts in CCC inventory, it is evident that an increased carryover is very vital and necessary.

Therefore, based upon the estimated consumption and exports, plus 5 years' experience, we propose that the allowance for carryover be increased to 25 percent of the estimated needs of 666,000 tons or 165,000 tons. In our judgment, the 25-percent figure will be necessary to reasonably assure an adequate supply for the peanut industry.

Mr. Chairman, and members of the committee, for once in my life I am appearing here to ask the Secretary for just a little less than he says he thinks is necessary which is strange, I think, for all of us. According to his own testimony he says that 205,000 tons is what it would take to be an ample supply for carryover, and we are asking for approximately 165,000 tons. Based on those figures it is a little strange to figure why we are here when we are asking less than he says. I am of the same opinion and wondering like the rest of them here, if he is honest in his statements and his judgment is correct, what is the reason behind not making that a normal carryover, unless it is the effect it would have on the price support of our program. Everybody here has testified, and I agree with practically everything that has been said here, there is no opposition as Mr. Wingate said. The farmers in our area, one of the few things that they criticize in this peanut program is when you import a peanut somehow or another it is a little torch that is set off. We people that have been concerned and worked with these programs and have been coming to Washington know that to a good extent we have no control over these imports of peanuts.

Weather controls the production and therefore whether it is justified or not, even we peanuts boys agree to let them come in if they are needed.

But to the farmer in my own county particularly it is disturbing that we don't have enough peanuts. As far as the price, we can't understand, as Mr. Wingate said awhile ago, why, every time we turn around, every meeting we go to, they are saying we have got to produce for less when everything we buy costs more. I just want to express my appreciation in appearing for the farmers of my State for the opportunity of expressing to you our opinion on this bill. We endorse it and believe that it is necessary for the economy of our peanut program. I thank you.

Mr. McMILLAN. Mr. Turner, we are certainly happy to have your statement. I know it will help us in determining the position of our committee on this legislation. Mr. W. E. Little.

**STATEMENT OF W. E. LITTLE, REPRESENTATIVE OF THE NORTH
CAROLINA FARM BUREAU**

Mr. LITTLE. Mr. Chairman, and members of the committee, I am a representative of the North Carolina Farm Bureau and Mr. Turner is our official representative for the peanut committee and certainly I wish to endorse his statements that he has made and to add my blessings to all of the other comments that have been made by the other gentlemen.

Thank you, sir, for the opportunity.

Mr. McMILLAN. We have some representatives from the Department here today. Mr. Clarence Miller, would you like to make a statement now?

**STATEMENT OF CLARENCE MILLER, ASSOCIATE ADMINISTRATOR,
COMMODITY STABILIZATION SERVICE, ACCOMPANIED BY
ALMON T. MACE, CHIEF, PROGRAM ANALYSIS BRANCH, OILS
AND PEANUT DIVISION, COMMODITY STABILIZATION SERVICE,
UNITED STATES DEPARTMENT OF AGRICULTURE, AND WINGATE
UNDERHILL, ASSISTANT TO DEPUTY ADMINISTRATOR FOR
PRICE SUPPORT, AND ROBERT REED, DEPUTY DIRECTOR, OILS
AND PEANUT DIVISION, COMMODITY STABILIZATION SERVICE**

Mr. MILLER. I am Clarence Miller, Associate Administrator, Commodity Stabilization Service. I have with me Mr. Turner, Mr. Mace—

Mr. McMILLAN. We are happy to have you with us.

Mr. MILLER. Thank you. As you probably know this week is the week when we are carrying on our defense exercises. Mr. Berger, the Administrator of CSS, is participating and so is Mr. Thigpen, Director of the Oil and Peanut Division. I have also with me Mr. Wingate Underhill, Assistant Deputy Administrator for Price Supports and also Mr. Robert Reed of the Oil and Peanut Division.

We will be happy to answer any questions that you may have.

Mr. McMILLAN. You don't have a prepared statement, I presume.

Mr. MILLER. No, sir; I have no prepared statement. As has been stated before, the report of the Department was sent to the committee on May 29.

Mr. McMILLAN. Yes; I have a copy of the statement here. After listening to these gentlemen from North Carolina and Georgia and Virginia, do you feel that the Department was correct in making this report?

Mr. MILLER. Yes, sir; as pointed out in the next to the last paragraph on the first page, I would like to read from there on if you please, sir.

It is recognized that the provisions of H. R. 6288 would increase the carryover allowance to an amount more nearly equal to the average carryover during the past 5 years. A higher carryover allowance, however, is not required as a means of assuring that adequate supplies of peanuts are carried over.

Total cost of diversion of peanuts during the period 1946-55 amounted to around \$135 million and it is estimated that the diversion cost for the 1956 crop may approximate \$22 million. Higher support

levels which would result from this legislation would tend to maintain diversion costs at a higher level than those which can prevail under existing legislation. This higher diversion cost through passage of the bill would result primarily from the fact that the minimum price-support level under the flexible formula would be increased from 4 to 7 percentage of parity points when peanut production is in the range of from 700,000 tons to 800,000 tons. This increase in the level of support would in addition to increasing diversion costs reduce the flexibility under the flexible formula calculation.

It has been said, Mr. Chairman, that this bill would permit the Department to do what the trade is already doing, that is, provide for a carryover of approximately 25 percent instead of the 15 percent that is now the law.

Let me say I am certainly not a peanut expert. I just want to make these few introductory remarks and then if you have any questions, we will be glad to attempt to answer them here with the assistance that I have. Again I want to apologize for my ignorance as far as the problem is concerned, but there are several facts that I do want to point up. We say that we have carried over generally in the trade an amount in excess of 15 percent as provided for in the act. We have diverted peanuts during the past 7 or 8 years; also, we plan to divert or have already diverted 83,000 tons in this year. These are approximate figures, but they are close enough for the record—144,000 in 1956 and 93,000 in 1955, 10,000 in 1954, 222,000 in 1953. Peanuts being a more or less perishable item preclude us from carrying over an amount that would offset any short crop that we might have in an ensuing year. This year we have attempted to combat that in the Department by making provisions, Mr. Albert, for refrigerating peanuts and carrying over a greater amount than we have heretofore. We have, I believe, some 53,000 tons under cold storage now and we have them as far north as Maryland. We have them scattered at any points of refrigeration that we can get. They are of the Virginia type and the better type of Spanish peanuts. There are some 10,000 tons, that are of high-type oil-extraction peanuts. Therefore, we are attempting to carry as many peanuts over as we possibly could.

Now if we should increase from 15 to 25 percent the amount of carryover in the act, it would seem to us to follow that any increase that might be provided in the act might increase the amount that we would carry over in Commodity Credit Corporation inventory. That is the reason the statement was made in the last part of the last paragraph on the first page relative to saying that this would in effect add to the increased diversion cost, meaning that if we did get an increase as a result of this act, and if it were logical that it fell to the Commodity Credit Corporation to carry over this amount of peanuts in addition to what we are already carrying, then we would have a high cost for diversion again irrespective of our efforts to carry over refrigerated peanuts. Incidentally the cost on these peanuts, I believe, is \$18 a ton higher than the cost for carrying over peanuts not refrigerated.

There is a great deal of effort being put toward sorting and actually carrying these peanuts over. With that we will be glad to answer any questions that you might wish to put to us.

MR. McMILLAN. Mr. Abbitt?

Mr. ABBITT. I would like to ask a question or two. In talking about your carryover refrigeration, I couldn't catch the figure. How much are you carrying over under refrigeration?

Mr. McMILLAN. About 53,000 tons at the present time.

Mr. ABBITT. And that is how much above the 99,000 tons?

Mr. MACE. The total carryover that we estimate that we will have at the end of the year will be around 205,000 to 210,000 tons. The amount of that which will be carried by the Commodity Credit Corporation will, of course, depend upon the amount that has been repurchased by the trade. It is entirely possible that the Commodity Credit Corporation will be carrying as much as 60,000 tons or even a little bit more.

Mr. MILLER. That is in addition to the 53,000?

Mr. MACE. In addition to the amount that the commercial trade carries or in addition to the 53,000 it might only be a few thousand tons or it might be 20,000 or 30,000 tons. I believe at the present moment we have about 30,000 tons in addition to that in cold storage.

There have been reductions on that at recurrent intervals through the summer, and just how much will still be in our hands when we come to August 1 we do not know.

Mr. ALBERT. These cold-storage peanuts, do you have to sell them for a higher price when they go back into the trade or what?

Mr. MACE. They will go back at the equivalent of the 105 percent of the support price plus reasonable carrying charges. In other words the minimum pricing policy that is within the law. Now we have had to do some calculations as to what that means against these shelled peanuts, and I don't believe I have those figures right here, but they are not too far out of line with the market price of the higher quality kernels, I mean the extra large and the No. 1.

Mr. MILLER. Let me say this, Mr. Mace: In addition to that, we in Commodity, in discussing the matter and making the decision originally to store these peanuts, also thought that they would be a better quality peanut than would be available if they were not refrigerated. Yes, sir, Mr. Albert; I think, to answer your question, they should command a better price than those that are not refrigerated even though they would pass sanitary laws and so forth. We are certainly investing a great deal more in them.

Mr. ALBERT. Does "105 percent plus reasonable carrying charges" include the cost of keeping them in cold storage?

Mr. MACE. That was our idea; yes, sir.

Mr. McMILLAN. \$18 a ton storage rate is a pretty high price for peanuts.

Mr. MILLER. Yes, sir; that is true, but these are, of course, the better variety of Virginias and Spanish-type peanuts.

Mr. ALBERT. May I ask this: Mr. Wingate talked about the producers working up programs on research. It looks to me like that is one field in which we might have some good research; that is, preserving peanuts so we can carry them over.

Mr. MILLER. Yes, sir; I would agree, Mr. Albert.

We had a great deal of difficulty in finding good refrigerated storage space for peanuts. The trade carries over a goodly quantity of peanuts, but, as far as that storage being available to us, we were pretty hard pressed. We had to go up here in Maryland with some of these peanuts, as I understand it, in Salisbury, to store them.

Mr. MACE. That's correct.

Mr. MILLER. We would have liked to store them more nearly in the area they are produced.

Mr. ALBERT. Couldn't you let the trade store them in some way?

Mr. MILLER. The space wasn't available for those that the trade had and ours, too, as I understand it.

Mr. ABBITT. It looks to me, then, Mr. Miller, like the Department does feel that it is necessary to have a substantial carryover above the 15 percent.

Mr. MILLER. Let me put it this way, Mr. Chairman: We have been confronted with not being able to carry them over, Commodity stocks heretofore, because of the loss, the condemnations, and so forth. We have been forced to divert to oil many of those peanuts that we would have carried over, except for getting the contaminated materials into them that you naturally get in storage. We feel that the 15-percent carryover in the act now is sufficient to provide for an adequate supply of peanuts.

The problem is storing that carryover that Commodity is forced to take, and I suppose the industry is faced with the same problem. It would be almost impossible (if we even had 25 percent carryover back 2 years ago) for us to have carried over enough peanuts to offset the loss due to the low yield in the 1954 crop, I believe.

We had sufficient quantities, from the figures I had a moment ago. We diverted 222,000 tons in 1953; 1954 was a short crop year, I believe. That year we only diverted some 10,000 tons, which was the smallest we have ever diverted. The next lowest is 93,000. Had we been able to have carried over some of those 223,000 tons that we diverted at the approximate cost of \$100 a ton, we would have had sufficient peanuts to have tided us over that low producing year of 1954, but we had no way of carrying those peanuts over at that time.

Mr. ABBITT. If I understand you correctly, and you correct me if I'm wrong, you say that you think 15 percent is an adequate amount to carry over.

Mr. MILLER. We think so; yes, sir.

Mr. ABBITT. You are actually carrying over what percent in a year?

Mr. MACE. We are actually carrying over 80 something in excess of the 25. I think that part of the explanation might run along this line. The trade has been carrying, as has been testified here today, some 129 to 131, on a 5-year average, again, as someone said, according to whom you ask, and those are variations, according to the last revisions that have been made in the statistics.

Meanwhile, CCC has carried some in addition to that. We have had difficulty with that which we have carried in addition to that, which is what Mr. Miller is referring to, in that it intended to go bad from the standpoint of insects or from the standpoint or other deterioration to where we were always faced with the possibility of a complete loss, not only that it would not be sold for edible purposes but that it could not be sold for oil which could be used for edible purposes, which meant that you had to go for industrial use at a very low price.

Mr. ABBITT. Let me see, now, if I follow you. As I understand, the 15 percent would be approximately 99,000 tons.

Mr. MACE. It would be approximately 99,000 tons.

Mr. ABBITT. Twenty-five percent would be approximately 65,000 tons, and you are actually carrying over 205,000 to 210,000?

Mr. MACE. That's right.

Mr. ABBITT. Isn't that a substantial amount above 15 percent and a substantial amount above 25 percent?

Mr. MILLER. That's correct.

Mr. ABBITT. What percentage is that carryover this year, would you say?

Mr. MACE. I haven't tried to figure it out, Mr. Chairman, but I do know that 165 is 25 percent. I don't know whether I can do the mathematics.

Mr. ABBITT. Add 45,000 or 50,000 tons.

Mr. ALBERT. It would be 60 percent; 200,000 would make a total of 330,000.

Mr. MACE. 15 percent is 99; 25 percent is 165.

Mr. ALBERT. It would be twice that.

Mr. MACE. It would be about between 30 and 35.

Mr. ABBITT. So, it looks like this year the Department certainly doesn't feel that 15 percent is adequate to carry over, if instead of 15 you are carrying over 35 percent.

Mr. MACE. I wonder if I could try to clarify this just a little bit.

Mr. ABBITT. Let me ask Mr. Miller this question. Do you agree with the statement made by Mr. James Thigpen when he addressed the Georgia Farm Bureau annual meeting on November 19, 1956; the statement as read into the record?

Mr. MILLER. No; I am not that familiar with the statement, Mr. Abbitt. I'm sorry; I can't.

Mr. ABBITT. Do you agree with it?

Mr. MILLER. It is a rather hard question for me to answer, because I don't know exactly what he said. As I understood the statement as given here, and I haven't read it before, although I do have a copy of that talk in here, let me say I neither agree nor disagree at the present time, because I don't know enough about it, quite frankly. I don't know enough of the details about what Mr. Thigpen was talking.

Mr. ABBITT. Then let me ask you this: Do you agree that 15 percent is not an adequate carryover for the trade?

Mr. MILLER. No; I wouldn't say that; no, sir.

Mr. ABBITT. Do you agree that 35 percent is too much carryover?

Mr. MILLER. Yes; I believe it is, sir, because I believe in the report that the Department submitted, saying that 15 percent was an adequate amount to carry over.

Mr. ABBITT. Do you know who wrote the report?

Mr. MILLER. It came out of the Peanut Division. I can't say whether Mr. Thigpen wrote the report originally or not for the signature of Mr. Morse. Could you tell me, Mr. Mace?

Mr. MACE. I'm afraid I happen to be the author of that report, sir.

Mr. ABBITT. Would you say that the only objection to increase the carryover from 15 to 25 percent is the increase in the support price?

Mr. MILLER. Oh, no, sir; I don't think so.

Mr. ABBITT. Then the only objection is that it would increase the cost of the peanuts?

Mr. MILLER. In addition there are two other objections, (1) the higher price would reduce consumption with resulting greater takeover by CCC; (2) this would increase losses of CCC.

Mr. ABBITT. Would there be any other objection besides those two?

Mr. MILLER. Yes, sir. The higher price would stimulate production.

Mr. ABBITT. There couldn't possibly be any others.

Mr. MILLER. I think the objections to an increase in support because of the formula would be an increase in the price of peanuts which would reflect a higher price and cause a decrease in consumption.

Mr. ABBITT. So, truthfully, if you took out the cost, we really ought to have an increase in carryover?

Mr. MILLER. I wonder if that would insure us of an adequate supply in case of drought or emergencies in one way or the other. I think definitely we are going to have to look at that one and say that it would not provide a quantity of peanuts (in absence of a more expanded program of storage than we now have), to obviate any disaster due to weather.

Mr. ABBITT. I realize that it wouldn't be a 100 percent guaranty but it would be better than the 15 percent wouldn't it?

Mr. MILLER. Yes, if you disregard the cost of it; I think that is true. If you disregard the cost of increased storage I think that would definitely be true.

Mr. ABBITT. If you had a short crop and you had 25 percent carryover instead of 15 percent you would certainly be better off.

Mr. MILLER. Yes, sir; and if you refrigerate it to that extent that you increase the carryover I think that is true, yes, sir.

Mr. ABBITT. I don't want to take up too much time, Mr. Chairman, but I am not certain that I caught your explanation of that next to the last paragraph on the second page?

Mr. MILLER. Oh, I haven't given any explanation but I'll be glad to, sir.

Any action, therefore, to increase the carryover allowance, unaccompanied by other legislative proposals based upon a more comprehensive examination of other important and relevant factors bearing upon peanut price support and quota legislation now in effect, would be undesirable.

We feel that unless something else were injected in addition to what is provided in this bill of 6288, that it would be undesirable. We will be glad to make a study if you would like us to.

Mr. ALBERT. Would you yield on that? The only thing that could mean is that this extra percentage carryover wouldn't affect the price support, isn't that the only thing it could mean that would have any significance?

Mr. ABBITT. In other words what do you mean by unaccompanied by other legislative proposals? What other proposals do you have in mind?

Mr. ALBERT. He has one in mind I think to make sure that doesn't raise the support level.

Mr. MILLER. Let's ask the author, Mr. Mace, and see what he says.

Mr. ABBITT. Go back to the home base.

Mr. MACE. Here, Mr. Chairman, I wonder if I could enlarge just a little bit on what has been said. Of course, the supply percentage, as we all know, is a factor, the carryout percentage is a factor in the percentage of the supply, and the effect of this proposed legislation simply has an effect on the supply percentage of some 4 to 5 points. The thing that we have been faced with in the peanut program, as you know, is that we have a minimum acreage requirement which pro-

duces under-average yields at the present time around 720,000 tons. Our estimate of the amount that would be used for domestic and export edible consumption and associated purposes in 1957 is about 660,000 tons or there is a 10 percent or slightly more difference between the two.

Now when we are faced with this legal minimum on the acreage allotment of 1,610,000, there isn't much of any way that we can turn to keep away from having to divert the difference between the domestic consumption and the amount that is grown, and that diversion is expensive. The amount of the price support in relation to the oil price sets the cost of that diversion, and obviously if the price support is \$10 higher than it would have been otherwise.

That is part of the philosophy behind it. Part of the other philosophy behind it is that with only a 10 percent difference between the amount that can be used and the amount that is legally required, it seems that we are getting close enough to a balance between supply and demand at somewhere near the present prices that if some method could be worked out after careful study and consultation whereby we could get the two together, then maybe we could move forward to where we could have a good, sound peanut program without this expensive diversion. That is some of the philosophy that is behind that letter, and we didn't try to spell it out.

There haven't been determinations as to what such a program would be, but I think we all agree that some careful consideration could be given to a method whereby we could get the supply and demand and the price support put together in a good, sound program which would get rid of the expensive diversion and at the same time do good for the peanut growers and the whole peanut industry.

Mr. ABBITT. If we have a normal crop this year, do you contemplate what surplus?

Mr. MACE. The difference between 720 and 660, which would be 80,000 tons.

Mr. ABBITT. What will happen with your carryover of 205 or 260?

Mr. MACE. That is there would be 80,000 tons of surplus from the new crop, Mr. Abbitt.

Mr. ABBITT. I understand that, and what would happen—

Mr. MACE. The carryover outside of that which was used as the new crop came to market, it would have to be diverted.

Mr. ABBITT. So what you contemplate when the new crop comes in, you will probably have some of the 1956 crop that will have to be diverted to oil?

Mr. MACE. That's right, and it would be diverted as soon as the new crop seemed to be apparent.

Mr. ABBITT. And ready to be marketed?

Mr. MACE. Yes.

Mr. ABBITT. So there would be no question about it getting to the market in good quality?

Mr. MACE. Yes, sir.

Mr. ABBITT. Do you have any idea what you think that surplus would be or do you have any amount at this time?

Mr. MACE. Not for sure. The 130 to 140,000 tons that the commercial trade will probably have on August 1, of course will be used. Anything above that—we are assuming of course a normal crop in all areas—will be diverted.

(Discussion off the record.)

Mr. WINGATE. Could I ask the committee a question for some information; I wonder if either of you members of the committee know whether or not they are storing any oil stock? Are they storing anything other than good edible peanuts?

Mr. ABBITT. I would like to ask that question.

Mr. MACE. The oil stocks and pickouts are moving into crushing for oil.

Mr. ABBITT. They have been stored but they are moving out?

Mr. MACE. They are moving out, yes.

Mr. REED. Mr. Chairman, I might give a little more detail. Actually I think this 53,000 tons was mentioned, that is the farmers' stock. That is expressed in farmers' stock tons. We got about 40,000 tons of shelled goods out of that and about 34,000 tons went into cold storage, so that left 6,000 tons in so-called dry storage. Practically all of the oil stock and all of the so-called pickouts were in the dry storage. A few of them through error or something else got in the cold storage, that is the pickouts, and a little of the oil stock, but I might wind up the thing by saying that the Food and Drug, through their inspection, had recommended to us that the pickouts, all peanuts labeled as such whether in dry storage or cold storage, were to be disposed of other than for edible use, either oil or as nuts.

We are currently getting rid of all the pick outs either through crushing into oil that is denatured and can't be used for edible use or as hog feed.

Mr. ABBITT. So the pick outs, some of them did get into refrigeration but it is being taken care of?

Mr. McMILLAN. Any further questions?

Mr. WINGATE. I would like to ask one more question. With all this surplus, Mr. Chairman, does the committee know why we did not have the soil bank to sort of help take care of this situation? I thought maybe it had been explained to you. I do not know.

Mr. McMILLAN. We have heard something on it but I would like to ask that question if you care to answer it.

Mr. ABBITT. I might say before they answer it, Mr. Chairman, I think I have written probably one letter and maybe 3 or 4 letters over there to the Department and I have gotten back 1 or 3 or 4 answers so I am sure if Mr. Miller is familiar with the problem that he might give us the answer. I think we have been corresponding since about February.

Mr. MILLER. First, let me say that we were not speaking of surplus of peanuts at the present time. We were trying to take care of carry-overs to meet any demands that might be occasioned by another failure if possible. That is the reason why we tried to carry over the peanuts.

We feel that when peanuts get in a position of being in a surplus, that they will be diverted and they will be paid for under the diversion program, and that peanut surplus can be taken care of by that route, Mr. Wingate, instead of through the soil bank route. I think that is the answer.

Mr. ABBITT. I understood that the philosophy of the Department was that it would be cheaper to carry out a diversion program.

Mr. MILLER. Yes, extend our diversion program.

Mr. ABBITT. Put it in the soil bank, even though it may in my opinion be a discrimination against the peanut producers in not

permitting them to share in the program as the other five basic commodity growers were.

Mr. ALBERT. It does not give the land a rest and it puts a burden on the producer that he would not otherwise have of farming that extra acreage.

Mr. ABBITT. And I might add it shows up in the cost of the program which it does not do in the other basic commodities.

Mr. WINGATE. Mr. Chairman, I did not understand when they were explaining. Did they say some of the oil stock or pickouts did go out of condition and had to be disposed of by others than oil stock?

Mr. McMILLAN. That is correct.

Mr. WINGATE. It was all right before it was stored?

Mr. REED. Yes.

Mr. McMILLAN. Mr. Rawlings, did you have a question?

Mr. RAWLINGS. Yes, if I could just ask a question here. Several of us will have to leave very shortly to make a fairly tight plane connection. I was just wondering this: I have not yet got it straight in my mind after the recent statements here as to this question of paying \$18 a ton to put peanuts in cold storage. In our area, the truckmen way up in the valley of Virginia, they are putting some of them in cold storage that is normally used for apples. The industry people in our area that had had experience with that type of cold storage for peanuts have as a matter of record recommended to the Department that it was not practical as to costs, and yet if 35 percent or 205,000 tons is way too much carryover, why are we spending all of this money? They have got the oil mills right in Sussex. They have got to be trucked back all the way, pay the cost of this for questionable cold storage. I just cannot quite understand that.

Mr. McMILLAN. I am certain the committee will go into that thoroughly before we make a decision.

Mr. ABBITT. Somebody from the Department might want to comment on that.

Mr. MACE. If I may, the principal reason that we put them in cold storage, as I stated earlier, this year on an experimental basis was that they were in large part Virginia type peanuts, pretty high quality peanuts, and there was the possibility that again we may have a shortage of the good quality peanuts.

Mr. McMILLAN. I hope the Department will take another look at the provisions of this bill and possibly you can change your report a little before we take final action. Thank you for coming here and giving us the benefit of your opinion on this legislation. I see Mr. Vance of Virginia. Mr. Vance, would you care to make a statement? I notice you came in after the hearing began.

STATEMENT OF JOHN B. VANCE, PRESIDENT, VIRGINIA FARMERS UNION

Mr. VANCE. Mr. Chairman and gentlemen, I would like to say that this differential between Richmond time and Washington time got me just a little bit messed up on my schedule. That is the reason for being a little bit late.

Mr. Chairman and gentlemen. The statement that I would like to make will be very brief and to the point: I realize that you are winding up your hearing.

For the record my name is John B. Vance. I am president of Virginia Farmers Union, a general farm organization which has developed rapidly over the past 4 years in peanut producing counties of the State but not by any means limited to this area. The substantial strength of Virginia Farmers Union in peanut producing areas is the reason for my appearance before the subcommittee today.

We appreciate the efforts of individual members of this subcommittee who sincerely devote their time and energy to bolstering farm income and to increasing the economic bargaining power of farm families in Virginia and the Nation. Congressman Abbitt is an untiring foe of those who want to destroy farm programs and cut still further already low farm prices and income. I want to take this opportunity to express our appreciation to Congressman Abbitt, who represents the Fourth District of Virginia and who, as a member of the subcommittee, is here today.

The purpose of the bill introduced by Congressman Abbitt, H. R. 6288, is that of prohibiting another cut in the prices and income of peanut producers through the amending of subsection 301 (b) (10) (A) to increase from 15 percent to 25 percent the allowance of carryover of peanuts in calculating normal supply.

H. R. 6288 provides for increasing the carryover allowance in an amount approximating the average annual carryover over the past 5 years. A realistic appraisal of the carryover in 1957 shows the same trend as over the past 5 years. It is difficult to see under the circumstances that H. R. 6288 would increase the cost of administering the peanut program as Mr. Benson has stated the bill would do in his adverse report to Chairman Cooley. While Mr. Benson expresses concern over the increased cost of the peanut program under H. R. 6288, it seems clear that he is more concerned about the setback it would give his sliding-scale doctrine of price support for all price-supported commodities, including peanuts.

Mr. Chairman, we grow crops other than peanuts in Virginia, but having been through the legislative wringer twice in defeating two attempts to remove peanuts from the list of basic commodities, we have come to understand the nature of the opposition to price support programs. H. R. 6288 would bolster the income of peanut producers to about 88 percent of parity, yet it gets an adverse report from the office of the Secretary of Agriculture. In this connection, I would like to quote from the report of the Secretary. He says that H. R. 6288 "would markedly raise the minimum price support level under the flexible formula and would materially reduce price support flexibility under the formula calculation." This statement is true—there is no question about that—and I could very well use it to support my position. The significant point is that Secretary Benson uses the statement to express his opposition to H. R. 6288.

The support level on the 1957 peanut crop is estimated by the Department of Agriculture to be 82 percent of the January 15, 1957, effective parity price. Peanut farmers will receive in 1957 only \$221.40 per ton or about 11 cents per pound on the average. The effective parity price was \$270 per ton or 13.5 cents per pound on January 15, 1957. In 1955 peanut prices reflected 90 percent of parity which is more nearly in line with, but does not reflect, full parity income for farm families.

The decline in farm income and prices ought to be ended. Whatever the commodity affected, Virginia Farmers Union seeks a more adequate price support program aimed at increasing the bargaining power of farm families.

We hope the subcommittee will favorably act upon H. R. 6288 and that your action will be upheld by the full committee and the Congress itself.

We appreciate the opportunity to appear before the subcommittee.

Mr. McMILLAN. We are certainly happy to have your statement and it will be given consideration when the committee meets for final consideration of the bill.

Mr. ABBITT. I would like to commend Mr. Vance for a fine statement and express my appreciation for his coming up here and giving the committee the benefit of his views.

Mr. McMILLAN. Thank you, Mr. Abbitt.

The committee stands adjourned until further notice.

(Whereupon, at 3:45 p. m. the hearing was adjourned.)

PEANUTS

TUESDAY, JULY 23, 1957

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PEANUTS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met, pursuant to call, at 2:35 p. m., in room 1310, New House Office Building, Hon. John L. McMillan (chairman of the subcommittee) presiding.

Present: Representatives McMillan (presiding), Grant, Albert, Abbitt, and Cooley.

Also present: Representatives Poage and Burleson; Mabel C. Downey, clerk; and John Heimburger, counsel.

Mr. McMILLAN. The committee will come to order.

The purpose of this meeting is to call the Department of Agriculture representatives here to discuss one of their recent administrative orders. I believe that is the purpose.

Mr. POAGE. Yes.

Mr. McMILLAN. Mr. Miller, or both you and Mr. Thigpen, would you like to come to the witness stand at the same time?

STATEMENT OF CLARENCE L. MILLER, ASSOCIATE ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, AND J. E. THIGPEN, DIRECTOR, OILS AND PEANUTS DIVISION, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. MILLER. I remarked the other day that I was not an expert on peanut, but Mr. Thigpen was. I am pleased to state that he is with us today, and can answer the questions that I think you asked him.

Mr. McMILLAN. Mr. Poage has a few questions.

Mr. POAGE. Mr. Poage was not the one, but I do want to ask some questions.

Of course, frankly, I think Mr. Thigpen cannot answer our questions. I think I know how Mr. Thigpen probably feels, although he is very loyal to the Department and always refused to offer any criticism of the Department. He is a good soldier, but I want to know who is behind this proposition of turning over the peanut business to the cottongrower.

My people grow cotton. There are practically no peanuts grown in my district, but I think I know an injustice when I see it being done to somebody, and I try to speak up in behalf of the people who are being mistreated, and I think peanut people need protection—that those in west central Texas are getting a raw deal in this. And I think it happens in Carolina and in Oklahoma and other areas.

If in Georgia and Alabama they want to turn their peanuts over to the cottongrowers I haven't the slightest objection. But I just do not believe that it is a sound policy to let Swift or Armour or Mr. Brooks or anybody else take this peanut support program away from the peanut producers.

I know Mr. Brooks' standing in the Department, and so does everybody else. I am sure that he is worthy of high esteem. I know he was appointed by the President early in this administration. I know some of the personalities that are involved in this new policy.

I do not think Mr. Thigpen can answer this. I doubt if you can, Mr. Miller. I think we have got to have somebody that will give us the policy of the Department, and why they propose to give Mr. Brooks 7 cents or 7 percent—I have forgotten which—on these peanuts and still make our peanuts association carry the burden of support. Those peanut associations have been doing a pretty good job, so I am told, with what they have.

You do not find any fault with what they have been doing, do you, Mr. Thigpen?

Mr. THIGPEN. We have no fault to find.

Mr. POAGE. You have no criticism of the Southwestern Peanut Growers Association. They have been the agency to handle this price support program. They have assumed the obligation, and for that they have gotten either 7 cents a bushel or 7 percent, I have forgotten which it is that they receive.

Mr. THIGPEN. On the redeemed peanuts it has been varying amounts representing net return or price above the amount of the loan which has been going into the hands of the association and has been used to pay operating expenses or distributed to the grower or credited to the grower. There is no basic change in respect to that.

Mr. POAGE. Except——

Mr. THIGPEN. So far as——

Mr. POAGE. Now I haven't the slightest prejudice against the cotton association. Certainly, I could not live where I do and object to cotton associations. I do not want the peanut people coming down and running our cotton program. And by the same token I do not believe cotton people ought to step in and take over these peanut people's association. They are about the most helpless farmers in the United States. If they didn't have the able representation that they have, in Congress (and please understand I do not represent any peanut areas), I fear they would have long since been out of business. The peanut people themselves probably have less money with which to conduct their operations than any other group in the United States.

Do you know of any group of farmers that are in a worse predicament than the peanut farmer?

Mr. THIGPEN. The Southwest growers have had a drought 2 years out of the last 3, the peanut growers——

Mr. POAGE. Need to know just who in the Department wants to bring a cotton association into the peanut business. I don't think Mr. Thigpen can tell us. I think he knows but I think that his lips are sealed by loyalty, and that is perfectly proper, and I do not criticize him. I think you have got to call somebody down here that makes the order.

Mr. McMILLAN. He is not supposed to speak, but if he can give us some reason for the order.

Mr. THIGPEN. I may be unable to answer to your satisfaction the question which is posed here. I will be glad to discuss it. I think that I do know what the operation is, up to the present time, and I think I know the reasoning which underlies the Department's position. And I will be glad to discuss it from that viewpoint if it is desired.

Mr. McMILLAN. So that we may know where we are going.

Mr. THIGPEN. The issue which is raised here relates to the entry into the peanut business in the past year of the Cotton Producers Association, and the Cotton Producers Association is a farmer marketing cooperative engaged in a number of lines of endeavor, including marketing of cotton, the making and sale and distribution of fertilizer and feed and on other such activities.

In peanuts, as in the case in tobacco, the nature of the commodity being what it is, the market being what it is, the Department has over the years carried out the price-support operations by loan agreement with the grower associations or cooperatives.

In order to try to protect the interests of the Government and of the growers as they use the price-support loan, the Department has preferred that the grower cooperative associations having the direct responsibility for the loan in the different areas—there are three areas in the case of peanuts—confine their activities to the handling and servicing of the price-support loan. In other words, we prefer that because if an organization has a commercial interest in the warehousing and in the shelling and sale of peanuts, it is not to be expected that they would in all cases put the CCC or Government interest in protecting the price support ahead of their own interest.

However, we have in a number of instances had price-support operations which have been carried on in part by farmer cooperatives which have engaged to some extent in other activities. And of course we have taken the necessary steps to protect the Government interests when we dealt with those organizations.

In the case of peanuts, there has been one organization for the last 2 or 3 years which has been engaged in warehousing and shelling of peanuts, and has serviced the loan for its members and patrons. In the Virginia-Carolina area the loans are serviced by an organization called the Peanut Growers Cooperative Marketing Association. When that organization began its operation, it engaged in the storage and in the shelling and sale of peanuts. And had we not operated the loan through that organization at that time, we would have had to make special arrangements and we would have been in the position of denying the growers the loan through the organization which they had indicated they wanted to use when needed to place peanuts under loan.

Now as to the situation this year, in terms——

Mr. POAGE. Does the Virginia-Carolina association still engage in outside activities?

Mr. THIGPEN. No; the Virginia-Carolina association has elected to confine its services now to the servicing of the price-support loans.

Mr. POAGE. You requested them to do that; did you not?

Mr. THIGPEN. We explained to them that we would prefer that they do that, but we in no way ordered them to do that.

In other words, they are an independent organization under contract to handle the loans. In the case of the operation for 1957, the administrative burden of the Department in some respects would be a

little bit less if we confined our loan contractual agreement solely to the three grower associations—which I will speak of as we go along here as stabilization type associations in the sense that they confine their activities to the servicing of price-support loans. But when we look at the legislation under which we carry out the price support and the legislation over the years relating to farmers' cooperatives, it is quite doubtful that the Department would be right if it should state that a bona fide farmer marketing cooperative cannot represent its members and patrons in certain aspects of the handling of price-support loans.

We can, in establishing the terms for the handling of those loans, stipulate conditions which we think will fully protect the interests of the Government, which we think will prevent a marketing cooperative—as distinct from the stabilization association or private corporation or partnership—from gaining a competitive commercial advantage out of the limited handling and servicing of the loan. And that is what we have tried to do.

There is a simple working question and problem from my own standpoint that I, as a director of the responsible Division in the Department, am trying to resolve, and to draw a reasonable line within which we can work over the number of years ahead.

And I make many mistakes, obviously, but sincerely, I think it is fair to say that those of us in the Department who have considered this problem have tried to draw a reasonable and fair line for operations.

The Cotton Producers Association will not have a direct loan agreement with Commodity Credit Corporation. The Corporation will limit its loan agreements—its direct loan agreements—to a single stabilization type of association in each of the three areas. That stabilization type of association will enter into a regular warehousing and receiving contract with warehousemen as it has heretofore—will enter into the same kind of contract with the Cotton Producers Association. Now the Cotton Producers Association being a farmer marketing cooperative as distinct from a corporation or a partnership, will keep certain grower participation records in terms of the peanuts which the growers place under the loan. We think that to the extent that with the cooperative form of business organization which does keep these records—to the extent that their records can be used and save the keeping of the same records by the Southwestern Peanut Growers of Texas and Oklahoma, for instance, that it is reasonable to say that the Cotton Producers Association or any similar organization which saves that expense to the other organization may be reimbursed for that. We think that is a nominal figure. We put it around 25 cents a ton of peanuts. It is a minor figure, and I would expect that the Cotton Producers Association or any similar association might like to say, "Let the other stabilization type of association keep the records."

We figure it as closely as we can. We are trying to make sure there that the money which goes to pay the expenses of these program operations does not go to a marketing cooperative in such a manner or in such a way that it improves their financial position, because they participate in the loan operation and in that event use their money to competitive advantage against a privately owned firm, partnership, or corporation. We think we are sound on that point. And I believe that is not presently in issue to any extent.

Then we move to the second point which comes into question to a much greater extent, and on which I will do the best I can. I have not been able to satisfy some of the worries and concerns particularly of the sellers in the——

Mr. ALBERT. Before you leave that first point; this business which will be handled by the Cotton Producers Association is business that would be handled by the growers association?

Mr. THIGPEN. It would be handled by the Southwestern Peanut Growers Association.

Mr. ALBERT. The growers association under its contract with you and in order to maintain its position in the Southwest, would have to service all farmers who want to participate in the price-support program in the area?

Mr. THIGPEN. Yes.

Mr. ALBERT. Is that true?

Mr. THIGPEN. That is the obligation they undertake; yes.

Mr. ALBERT. The Cotton Producers Association does not have that obligation?

Mr. THIGPEN. The Cotton Producers Association limits theirs to their own members.

Mr. ALBERT. And the Cotton Producers Association picks the spots where it locates its warehouses and its operations?

Mr. THIGPEN. In part.

Mr. ALBERT. The point I am getting at is this, if they conduct their operations in the rich areas where peanuts are produced in large quantities, and leave the servicing only of the sparse areas to the Peanut Producers Association, which they are bound to do, they will, of course, be skimming the cream and leaving the rest for the Peanut Growers Association.

Mr. THIGPEN. I think we have provided safeguards to cover that which I will try to explain. And essentially, it comes to this: In the first place, since the stabilization type of association undertakes this overall obligation we agree in our contract, the loan agreement with them, that if their expenses in servicing that operation exceeds the amount of money which it takes to cover those expenses, that the CCC are going to underwrite that expense and will pay the extra cost above that income for the payment of such expenses. That is a safeguard to them which is not provided, of course, to the cotton-producer type of organization.

Mr. ALBERT. But it would be a much more satisfactory thing if it paid its own way.

Mr. THIGPEN. That we always agree on.

Mr. ALBERT. It will pay its own way if it gets the good along with the poor areas but if it has to take only what is left, it won't.

Mr. THIGPEN. No. We have covered that. I think I can show you.

We have a certain amount of money which is available to pay the loan cost including the operation expenses of the association. When that money is used, if the association has any funds which come from the redemption of peanuts placed under loan, those funds would be used to pay the association's operating expenses before the CCC's underwriting of the budget comes into play. We obligate not only the stabilization type of association to use redemption funds to pay these expenses, but we, also, obligate on a direct pro rata basis any

such redemption funds of the cotton producers association to pay the expenses of the stabilization association, Southwest Peanut Growers Association, so we have given the stabilization association the overall underwriting of their expenses which protects their capital fund.

We have given them all of the money which is available to pay loan operating expenses under the program set up, except for maybe 25 cents on the limited tonnage cotton producers association may save in expense on recordkeeping, and we have protected their position by saying that to the extent that there are funds, whether that redemption is by the cotton producers or from the stabilization association, those funds will be available to pay expenses. In other words, if the cotton producers had \$10,000 from the redemption of peanuts, and it took all of that \$10,000 to make up the deficit in the expense incurred by the Southwest Peanut Growers Association that entire \$10,000 would go over to pay that expense.

Mr. ALBERT. Is this the essential difference? If the cotton producers association were to set up to do the business, in all of the good producing peanut counties in the Southwest and would get a monopoly on the business in those counties, could you then justify the overhead that has to remain with the Southwest Peanut Growers Association?

Mr. THIGPEN. Let us put it this way. As I see it, CCC has an obligation to make these price-support loans available if the circumstances are such that the use of the stabilization type association to cover the limited areas that might not be covered otherwise would be needed; yes. If it is not covered that way, then CCC would have the obligation. Then you have the problem of how to set it up and how much the Southwest operation would be carried out by people working directly for the Government.

We do not see that situation to take place at the present time.

Mr. POAGE. May I ask you this, before you get on the second point?

You stated a while ago that in the beginning, if the Virginia-Carolina association would engage in other activities and if you didn't order them out of the other activities, that you met with them and explained that you didn't want them doing anything except this peanut stabilization work, and they met with your suggestion, and that they are now confined themselves to peanut stabilization. I think that was a wise and sound procedure.

Mr. THIGPEN. I think, too, Congressman, that they reached that decision and conclusion in large measure based on their own.

Mr. POAGE. All right. You indicated that it was wise for them not to engage in anything except peanut stabilization, and they acquiesced, and they are engaging in peanut stabilization only. In the Virginia-Carolina area and Southwest area, at least, those associations are not engaged in anything except peanut stabilization, and there is nobody in either the Carolinas or in the Southwest doing any stabilization except the growers stabilization associations.

We haven't any criticism of what you do in the Southeast. It is perfectly all right with us if you want to let the milk producers association handle the peanut business in the Southeast. If they want it that way, I am all for them having it that way. But I am a member of a milk-producing association, and I do not want it to get into the peanut business. I think it would be a bad thing for us, and for the peanut people, too.

You sat down and encouraged these people in Virginia and Carolina to get out of unrelated activities.

Why didn't you encourage somebody on the outside in the other business to get in the peanut stabilization business in the Southwest?

Mr. THIGPEN. We do not. Our position again——

Mr. POAGE. Why don't you discourage these people in Virginia and Carolina?

Mr. THIGPEN. I suppose in a way I could say that by the very strict lines which I have been explaining here that it certainly must be discouraging to them to contemplate what they may do in connection with the price support operations.

Mr. POAGE. They are not discouraged enough. Have you called them in and told them that you didn't want them to get in this field?

You thought it was ill-advised for them to do it, that you thought it was breaking down the program? That is what you told the Virginia and Carolina people. Have you told Mr. Brooks and his associates?

Mr. THIGPEN. I think the circumstances are somewhat different. I might make this observation. There has been, as I mentioned earlier, in the Southeast one organization which has marketed peanuts and stored peanuts. That particular organization shifted a few years back from a private business organization or corporation, I guess, over to a cooperative. The management of that organization with the lines we are drawing around the operation with cotton producers, because of the difficult aspects of it, I believe, is considering reverting back to a corporate form or something of that sort rather than a cooperative.

Literally, I do not think that the lines we have established leave the cotton producers' association or any similar organization with any money competitive advantage by reason of their limited participation in the loans in terms of servicing or representing their own members and patrons. I think it would be extremely difficult again to say that any bona fide farmer marketing cooperative could not, under the reasonable allowances we try to establish, represent its members and patrons.

Mr. POAGE. Wouldn't you say then in Texas that the North Texas Milk Producers Association, if they cared to, should be allowed to go into the peanut business? They are purely cooperative; they are farmer owned.

Mr. THIGPEN. I think we will have to say that farmer cooperatives are not in any manner confined to any one commodity.

Mr. POAGE. Do you want the milk producers to go into the peanut business?

Mr. THIGPEN. Well, from a strictly administrative standpoint we are not looking for these organizations to go into the business in that manner.

Mr. POAGE. Then would it be fair to say to the cotton association, "Stay out of the peanut business"?

Mr. THIGPEN. I do not know that I could make that kind of statement. And I believe that it would be fair to go back of the price-support operation and to consider the fact that the Department over many years has tried to help and to encourage farmer marketing cooperatives.

Mr. POAGE. Well, that is all right. But can we say then if you do not want to say it technically, that it would be fair to say then that

you see some advantage to peanut people in having this cotton association get into the business?

Mr. THIGPEN. Frankly, any time a bona fide business organization as a farmer cooperative goes into a business such as peanuts, I hope it will be of some advantage to the growers.

Mr. POAGE. We all hope that. We hope that it will turn out a lot better than what we think it will. I ask you what you think. I think it will hurt. And I would like to have your opinion, what you think it will do, not what you hope. I hope it will raise the price to 300 a ton, but I haven't any idea that it will.

Mr. THIGPEN. If it does a good business I necessarily think it can help the growers, that is without regard to the price-support income.

Mr. COOLEY. What caused you to propose this. What is the advantage to be accomplished by this proposition?

Mr. THIGPEN. Congressman Cooley, we have, as you know the obligation of carrying out the price supports and we have been entrusted with deciding how that will be done. And within the pattern and framework which has been built up over the years, in the case of peanuts, we work with and through farmers cooperatives. For this year, because of what we have established in the way of very strict lines relating to the extent of participation by the marketing cooperatives, as distinguished from the stabilization co-ops, we think that the policy underlying the Department's operations are such that a bona fide farmer marketing cooperative has a reasonable position when it says that it should be allowed to represent its members and patrons in the placing of their peanuts under the loan.

Mr. COOLEY. That is not the question. Suppose the North Carolina Cotton Cooperative Association decided that it wanted to take over the peanut stabilization program in North Carolina, would you be inclined to say we will turn it over to that organization and let them operate it. The head of that is a good businessman. He deals primarily with cotton.

Mr. THIGPEN. We have not made that statement in this case.

Mr. COOLEY. I admit you have not, but does not one lead to the other?

Mr. THIGPEN. Let us put it this way. The cooperative cotton association of North Carolina could go into the peanut business and to the limited extent could participate in the price-support operation.

Mr. COOLEY. It could not go into tobacco. It could not take over the functions of the tobacco stabilization corporation.

I have been told what the Department plans to do, is to take away the right the farmers now have to elect their own officers and managers to run the tobacco stabilization corporation, that the Department is prompted by politics, that the Department wants the patronage that is involved in it. The Department wants to select these men to run these activities. I do not know where it came from, but I have heard that. It seems to me that there might be something to the rumor.

Mr. THIGPEN. I think there are two questions that so far as I know can be disassociated. I might say in general—and I am sure you are aware of this—that over quite a number of years there has been a question about the method of handling price-support operations for tobacco and for peanuts, as we have handled the operation through these associations. That is not something which just came up this year. You will recall that it goes back through the war and it has been a perennial problem since the operation started.

So far as I know, the situation in that area is not greatly different from what it has been heretofore. It is one of those up-and-down questions.

Mr. COOLEY. The rumors that I heard came from Kentucky, and in that section, rather than from our section. I thought that everyone was satisfied but I do not know that if you start putting the stabilization corporation into politics with political people at the head of all of them, you might end up with a disaster. You know that as much as I do. I thought the program had been operating very well in all of the belts.

Mr. THIGPEN. I am not able to comment on it any further than I have. As you know, I confine my activities to trying to get the best job done that I can.

Mr. COOLEY. I know that.

Mr. McMILLAN. We will have to answer a rollcall.

(At this point, 3:10 o'clock a short recess was held.)

Mr. McMILLAN. Come to order.

Mr. COOLEY. Are you in a position to say whether or not any action is contemplated with regard to the management of the Stabilization Corporation?

Mr. THIGPEN. I am not, Mr. Congressman.

Mr. COOLEY. Let me ask you then, if the Department has made this proposal—I want to make it clear—can you tell us the advantage, if any, there is in the change?

Mr. THIGPEN. With respect to the peanut operations?

Mr. COOLEY. Yes.

Mr. THIGPEN. We are not making any change for any such reason in the peanut operations here. We are simply trying to get what we consider to be a reasonable and fair application of the program and to give reasonable and fair consideration to the cotton producers association as a farmer marketing cooperative, and to all other segments of the industry.

Mr. COOLEY. Where will that lead us if the North Carolina Cotton Growers Cooperative Association, which we regard very highly, perhaps one of the best managed cooperatives in the country, comes in and says it can handle the peanuts for eastern Carolina, that many of its members are peanut growers, and they say, "We can do it and probably do it better and cheaper?"

Mr. THIGPEN. The answer to that particular proposition would be "No"; that is not contemplated. We have an organization which is handling satisfactorily the price-support phase of the program, and limits its activities to that. But if you, as a farmer marketing cooperative, come in with some of your members and engage in the storage, selling, and merchandising of peanuts, in competition with anybody else who is engaged in that business, you can to the limited extent that we have set out here represent your members and patrons, but the cotton association of North Carolina then would be limited in its operations to its commercial business and in the shelling and selling of peanuts, plus those peanuts which they receive at their facilities to go into the loan. It would not have the general authorization, nor would it have the direct contract with the CCC.

Mr. COOLEY. Are we to assume from that remark that in this particular area that is now directed by this order you do not have an agency that has been effectively and efficiently handling the program?

Mr. THIGPEN. I do not think that at all. Under the program which has been made, we are confining the loan agreement to the single agency which has been handling it in the area heretofore. We are not allowing the marketing cooperative which has a limited scope and a limited business as to its commercial activities, the use of funds from money from price support, we do not allow them to finance any inventory for shelling and sales with CCC funds in such a way as that they could get cheap financing. We obligate them so that they cannot redeem peanuts from the loan at a price any lower than privately owned firms could redeem peanuts from the loan which are stored in their own warehouse. We are requiring them to give the money which comes out of the redemption of peanuts to the growers, so that they cannot build up a capital fund from the loan operation on any basis, which could be used against competitors. We are obligating them to cover the expenses of the overall loan operation on a pro rata basis, as funds come out of the redemption, so that cannot be to the disadvantage of the stabilization cooperatives. We are simply not saying to a bona fide marketing farmer cooperative which we hope and think could be of some help to the peanut growers, that "You would be denied completely the right of representing your members and patrons in connection with your business operations."

Mr. COOLEY. You say, "represent." You mean actually to store the peanuts for them?

Mr. THIGPEN. That is right, and in the keeping of the records, advancing the money, and trying to redeem the peanuts, we will let them operate.

Mr. ABBITT. Do you have any members—you say the members—who grow peanuts?

Mr. COOLEY. Yes. A lot of the cottongrowers are also peanut growers.

Mr. THIGPEN. Let us take the cotton association in a limited way in the southwest area for the moment. They go into a given location or two locations, and they start out and go to the growers and say, "All right, we are a farmer marketing cooperative and we are going to start in and set up facilities to store and sell peanuts for farmers to deliver them to us. As a farmer marketing cooperative we think and hope that we will be able to make money in the operation, and that you will then share in what we make out of the operation."

Mr. POAGE. And that is what they were doing when it started, was it not—

Mr. THIGPEN. That is right, the marketing—not price support; yes, sir.

Mr. POAGE. They were in other lines of business where they might hope to get some money, make some money for their members, but you talked them out of it, you went and told them that you thought it was bad, and I agree with you that it was, and you told them that, not just once, but twice.

Mr. THIGPEN. Well, only from the standpoint of combining the price support with other operations.

Mr. POAGE. Well, anyhow, you are now telling the cotton people just the opposite thing. You are telling them that it is a good thing. And you are going out and trying to sell those boys on the idea that maybe they could make some money by bringing in this other—

Mr. THIGPEN. No, sir.

Mr. POAGE. You are telling them that they could do both, that it was good, and yet in the Virginia-Carolina instance, you were insisting that they divorce their outside interest.

Mr. THIGPEN. No, sir.

There is a very distinct and sharp difference. Whereas we gave the Virginia-Carolina organization, to begin with, all of the features which go with the price-support operation, including the money that goes to pay the expenses and all of the other aspects, here we are denying that—

Mr. POAGE. I know that you are not giving them the full program. Not this year, but the next year or the next year after that they will get the rest of the program and they will be exactly where the Virginia-Carolina people were, and yet it is bad for Virginia-Carolina, but it is a fine thing for you to foster on us.

Mr. THIGPEN. No, sir; I cannot accept that.

Mr. ALBERT. This Cotton Producers Association, is this an organization that came in there from somewhere else to start a business in competition with the trade that was built up there?

Mr. THIGPEN. I don't know whether the Cotton Producers Association is operating in cotton in Oklahoma—I don't know that they do operate, but in some of the southwest cotton areas they do, and the Cotton Producers Association did buy an existing corporate organization, and in a sense it is operating that organization as a cooperative—

Mr. POAGE. Let me ask you if the Department discussed that purchase with the Georgia Peanut Co.

Mr. THIGPEN. Yes, sir.

Mr. POAGE. Would you tell us whether the Department discussed that purchase before they made it?

Mr. THIGPEN. No, sir; I think that I would be correct in saying we did not. We were told by the Cotton Producers Association that they expected to make that purchase and, to give you a little bit of history, if I may, they came in last year and asked that they be given a loan agreement or contract for price-support operations through their facilities, and following the pattern which we had followed previously, we gave them what amounted to an unlimited type of loan agreement direct with the Commodity Credit Corporation, and what we are proposing for 1957 represents a complete pulling back from that position and the drawing of lines which we think will assure that the Cotton Producers Association has no monetary competitive advantage by reason of its limited action in representing its members on price support.

Mr. POAGE. Now, if you are so sure, and I do not question your sincerity on it, Mr. Thigpen, understand that—I do not question your sincerity—but you said that what you are now doing is not going to help the Government, and you also said that you do hope that it will create some broader market for the producers in some way that we do not quite understand, but you hold that hope, but still you know that it won't help your administration, and it won't save any money.

Now, there are a lot of people that are seriously concerned, and while you say that it is not going to be very dangerous, there are a lot of people in the business that think it is going to be dangerous.

Mr. THIGPEN. Yes.

Mr. POAGE. Now, you think it is not going to do anything, that is, it is not going to help the Government, in any way, shape, or form, and the peanut people, through their own representatives and everybody in the State of Texas that I know of that sell peanuts, those are the people that make up the Southwest Peanut Association. They are the people who make up the Southwestern Peanut Growers Association. And they do not think that it will help them, like you think it will. So why did you force this thing on them, when the people that are involved think that it is not going to help? They do not believe it will help them. And you know that it won't help the Government. Why not accept their fears and don't do the thing—everything is moving all right now. It seemed that things were moving better in the peanut cooperatives than in any similar groups that I know of. So why upset this situation? The Department of Agriculture surely has got enough troubles without going into this.

Mr. McMILLAN. I thought, and I might be wrong, that he said it would help the administration of the support programs.

Mr. POAGE. No; it would not. Is that right?

Mr. THIGPEN. Mr. Chairman, our administrative job would be a little bit easier if we did not have the limited participation of the cotton association, but I think that we are coming up against a matter of principle in making the decision which we made—

Mr. POAGE. Well, don't you think that the people of the Southwest have any rights in this thing? Do you feel that the people who make up the Cotton Producers Cooperative, simply because they are all farmers in that cooperative, have greater rights than the farmers who make up the Southwestern Peanut Growers Association?

Now, who owns the Cotton Producers Association? Who owns it?

Mr. THIGPEN. As far as I know, it is owned by farmers.

Mr. POAGE. Farmers where?

Mr. THIGPEN. All over the Southeast and the Southwest and—

Mr. POAGE. Well, as I understand it no Texas or Oklahoma farmers own any part of this cooperative yet. These cotton people have their agents out among the peanut people, trying to sell membership to them—but we have not bought this thing. The present members are only in the Southeast—

Mr. THIGPEN. No, sir.

Mr. POAGE. They are not?

Mr. THIGPEN. It has business in the Southwest, and I don't know—

Mr. POAGE. They want to get in the Southwest on a bigger scale; isn't that so?

Mr. THIGPEN. It is an organization that is trying to grow; yes.

Mr. POAGE. Basically, it is a southeastern cooperative. I do not have any objection to them doing business with their own people, but our people belong to cooperatives, too. They have their own cooperatives, and they belong to them, everybody that grows peanuts.

Now, why do you pick out these people in Georgia to send into Texas and Oklahoma in order to build a bigger company, I should say cooperative, a bigger cooperative, in Georgia?

Mr. THIGPEN. I did not pick them out.

Mr. POAGE. Well, maybe you did not send them over, but you put your blessing on them.

Mr. THIGPEN. No, sir.

Mr. POAGE. I think you ought to give them the same kind of talk that you gave to the Virginia-Carolina people.

Mr. COOLEY. There was some tentative agreement and in Washington it was objected to?

Mr. THIGPEN. That is right.

Mr. COOLEY. Would you enumerate the objections for us, as best you can?

Mr. THIGPEN. The objections have been voiced, I think, in the course of the discussion here.

In the first place, there is an underlying fear on the part of the privately owned shelling firms that a large financially strong cooperative would give them trouble competitively in the buying and shelling and selling of peanuts. That is, strictly from the standpoint of private commercial interests.

Second, there is fear on the part of these shellers that the arrangement which Commodity Credit Corporation has for price support operations with any degree of participation by the large farmer cooperatives, may give that cooperative a competitive advantage by reason of the fact that it has this participation in loan operations.

I have explained how we have tried to draw the line in that area.

Third, there has been some fear on the part of the stabilization type association, the Southwest Peanut Growers Association, in Texas and Oklahoma, that area, that the entry of the Cotton Producers Association into the business would tend to split up the operation and to impair the effectiveness of the stabilization type organization and the price support loan, and I have tried to explain how we have protected their position in that area.

Now, I can be wrong in my judgment and appraisal of the situation, but I do not see how there can be very much adverse effects coming out of the operation this year, and I do not believe that some of the fears which have been expressed and which have grown up are justified.

Of course, I can be completely wrong.

Mr. COOLEY. What about the beneficial effects? You said there were no disadvantages, and I asked a moment ago about the beneficial effects.

Mr. THIGPEN. The beneficial effects from the standpoint of the operation of the price support, as such, I cannot say that this year I think it means much in terms of the support price operation.

I have said actually because of the conflict we have heard discussed here, our operation would be a little bit easier if we did not have any participation of that organization on price support, but I pointed out that it has been for a long time the underlying policy of the Department, which was laid down by the Congress, with respect to farmers cooperatives; and that in the price support legislation the Congress does say that the Department may carry out the price support through farmer cooperatives, and that language was put into the law.

It did not contemplate the limited type of stabilization operation used on peanuts. That fitted in and filled the gap that was not covered by private industry otherwise.

Mr. McMILLAN. You said it did not conflict?

Mr. THIGPEN. Those organizations were not in the picture then. The only cooperative when this legislation was written was the marketing type of cooperative.

Mr. POAGE. But you did think of this type of organization and you did seek to promote the marketing agency into the type of organization of which we now have three in the United States, and they have been pretty well supported by the Department of Agriculture, have they not?

Mr. THIGPEN. To a great extent—I was not the originator of that. It developed to fill a need.

Mr. ALBERT. Let me ask you a question:

Who was it that approached the Department on this arrangement?

Mr. THIGPEN. It was the Cotton Producers Association. I commented earlier that last year they came in and asked for a contract.

Mr. ALBERT. Who? Was it Mr. Brooks?

Mr. THIGPEN. Initially two of Mr. Brooks' associates, Mr. Funderburk and Mr. Parrish. And Mr. Brooks has also come in.

Mr. ALBERT. Did he approach you or somebody else?

Mr. THIGPEN. Their approach last year was directed to me as the head of the division having the administrative obligation.

Mr. ALBERT. They did not approach anybody superior to you in the departmental organization?

Mr. THIGPEN. To the best of my knowledge, last year they approached no one higher than my level.

And the rules being what they were, last year we went ahead, as I explained.

Now, again, to the best of my knowledge, all of this discussion which has come on this year, this question was not carried beyond my level in the Department by the Cotton Producers Association until some of the tentative decisions were made which were adverse to the position of the Cotton Producers Association. And I think in all fairness, without regard to who they talked to, I think that there has been a conscientious effort and a fair effort to try to work it out without bringing in people over my head.

Mr. ALBERT. Is it fair to say that substantially the arrangement made under which this organization has a special situation in the Southwest as against both producers and shellers, was your idea and the idea of the association worked out together; is that right?

Mr. THIGPEN. Congressman, that might be the answer to that, though we have tried to draw the lines on a reasonable basis on what is sometimes called the working level in the Department.

Mr. ALBERT. That is what I wanted to know.

Mr. McMILLAN. Do you care to ask any further questions?

Mr. BURLESON. Could I ask a question?

Mr. McMILLAN. Of course.

Mr. BURLESON. First I want to say that I am grateful to the committee for letting me sit here.

First, to clarify the matter of where the Cotton Producers Association is doing business, they are not doing any business, as I understand it, in Texas or Oklahoma, but only—I understand that it owns a business in Arizona.

Mr. THIGPEN. That might very well be. I am not sure of my ground on that.

Mr. COOLEY. How about Oklahoma?

Mr. BURLESON. I assume that they are now going in under this advantage that they have, with this pyramiding of these things, being in the shelling business and the contract with the Department on the price support, that gives them this advantage.

Now, there is no question, it seems to me, about the authority to give them a contract, but if you give them a contract, I do not see where you get the authority to limit them at all, if they do have a contract—isn't that arbitrarily done, if they have a contract, why shouldn't they operate just like everybody else?

Mr. THIGPEN. They do not have a direct contract with Commodity Credit Corporation.

Mr. BURLESON. I know that they have a warehouse contract, which will remain as the present operation.

Mr. THIGPEN. Their contract is with the Southwestern Peanut Growers Association.

Mr. BURLESON. It seems to me that if they have this sort of an arrangement, that really the Department should have no—except by agreement with them—should have no particular authority to limit them.

We feel and our people feel that this is a foot in the door, that now they can work toward an absolute monopoly in the support price program and in the shelling operation, that they can do both.

Mr. THIGPEN. I understand the feelings which have been expressed through your people, Congressman, and I have a great deal of respect for them and their thinking and all other aspects.

When we established, when Commodity Credit Corporation establishes the basis for the handling of price support and it carries out some of those operations through contract, which it is not obligated into, except as it deems it advisable to get the job done, it has a perfect right to establish the terms and conditions of the contract.

Now, an organization may elect or not elect to enter into that contract by Commodity Credit Corporation, but the CCC has the right to set the terms of the contract which it deems to be advisable and essential, and presumably the terms of the contract will be observed, and I have no reason to question that they will not be here.

Mr. POAGE. Now, Mr. Thigpen, you pointed out that the Cotton Producers Cooperative did not have a contract with the Commodity Credit Corporation, but does have a contract with the Southwestern Peanut Growers Association. How did they get that contract with the Southwestern Peanut Growers Association?

Now, of course, the Southwestern Peanut Growers Association did not want any such contract. Will you therefore just tell us how the cotton people got that contract?

Mr. ABBITT. You say they have to do it. Why?

Mr. POAGE. Because he can destroy the Southwestern Peanut Growers Association. I gather that he told them that they had better deal with Mr. Brooks.

Now, isn't it a fact that the contract was made under pressure that you put on the Southwestern people?

Mr. THIGPEN. Congressman, that may be correct, but let me—

Mr. POAGE. Well, you think it is correct, don't you—and the important thing is, you gave the impression here that the Southwestern Peanut Growers Association is just voluntarily dealing with these people, whereas they had to deal with them to live, didn't they?

Mr. THIGPEN. Perhaps not quite that way, but let me accept your viewpoint as you stated it without arguing that. There was reluctance on the part of the Southwestern Peanut Growers Association to enter into any contract arrangement with the Cotton Producers Association.

Mr. POAGE. But you did paint the picture that they entered voluntarily.

Mr. THIGPEN. Well, I think, to accept the various aspects of the proposition, that they would have preferred not to. I think that is correct. But, as to the contractual arrangement we worked out, the terms of that contract with the stabilization type of association—we worked with them, we work with the shellers and the warehousemen to establish the terms of all the contracts, not only the one that we have with the stabilization associations, but also the one which the stabilization association has with the warehouses.

And in this case they did have a special contract with the Cotton Producers Association and we think that, as I say, we have those terms of the contracts so drawn that we can expect to accomplish and to hold the operations within the lines which have been explained.

Mr. POAGE. You think so, but obviously the Southwestern Peanut Growers Association did not think so.

Mr. THIGPEN. I don't believe that the Southwestern Peanut Growers Association questioned what will be done under specific terms of the contract. What they questioned was the advisability or desirability of any contract.

Mr. POAGE. That is right—oh, I don't think they questioned that the terms of the contract as written would be carried out, but they do question the advisability of entering into that kind of a contract. But in spite of that you forced them to do it.

Mr. THIGPEN. Well, I don't like the word "forced," Congressman.

Mr. POAGE. Well, they did not like it, either. And that is what we are here for and why we are talking about it and why we are concerned about it, because we don't like it either, but it was forced upon them, nevertheless. They have got to sign a contract or get completely out of business. That was the choice they had, wasn't it?

Mr. THIGPEN. Not——

Mr. POAGE. What would you have done if the Southwestern Peanut Growers Association refused to sign a contract?

Mr. THIGPEN. Well, let us take the alternatives that they might have had.

The Southwestern Peanut Growers Association could have said "we will not in any way have any contractual arrangement with the Cotton Producers Association"——

Mr. POAGE. That is right, and you let them know that if they did not, you would make a direct contract with the Cotton Association, didn't you?

Mr. THIGPEN. But that we would not in anyway withhold from the Southwestern Peanut Growers Association the contract for all the rest of the operation beyond the limited operation of the Cotton Growers Association.

Mr. POAGE. Well now, you are just trying to do with those people what the telephone company did, you are trying to do in the Southwest like the Bell Telephone Co. did when they were dealing with these small local REA cooperatives, giving them these territories where there might be 3 miles between telephone stations; but when they got into an area where there was a profitable business in the built-up areas, they wanted it.

Mr. THIGPEN. I don't believe that our position comes into that area at all.

There are different alternatives which can be followed. We desire to work with the Southwestern Peanut Growers Association. We do not wish in any way to impair that organization. We are appreciative of the job which that organization has done.

We have asked them to consider all aspects of this and to work with us within the lines which we think we finally should draw.

We have in essence, even though I might personally prefer not to, except on one point of principle, in which we think that we are right——

Mr. POAGE. You wanted to help the cooperators?

Mr. THIGPEN. Not necessarily. We in this case do not want to help a cooperative, we don't want to slap them.

Mr. POAGE. Well, we have in Texas what is known as the Texas Cotton Association and I believe that it does the same thing that Mr. Brooks' outfit does, they are a cotton cooperative and they sell cotton and they have farmer members.

But you are bringing in a Georgia bunch and you don't bring them in on an even basis with the Texas Cotton Association, because the Texas Cotton Association cannot do cotton and peanut business at the same time. It has to deal purely on a cotton basis, purely on the basis of cotton and they make their profit in a favorable market for cotton, but this Georgia association, that comes in and says "You have got some cotton and you have got some peanuts, join us and we will make a profit for you on both of them."

Mr. THIGPEN. Congressman, that is not correct. If you will recall the discussion with Mr. Cooley relating to a similar cotton organization in the Virginia-Carolina area, this Texas Cotton Association, if it were in the peanut business would be able to participate in the same limited way——

Mr. POAGE. I understand that, but it did not enter the peanut business. This Texas Cotton Association is trying to live and keep their people in their field, and the peanut people are trying to keep themselves in that field, the peanut association is.

But you bring in this Georgia association and they say, "Here, we have got an advantage over both of you, the Texas Cotton Association and the Southwestern Peanut Growers Association."

Now, if we have such solicitude for the cooperatives why should we not be just as solicitous with the Texas Cotton Association as we are about this group from Georgia?

Mr. THIGPEN. It is not a question altogether of solicitude with respect to a cooperative organization. It is a question of trying to adapt the price-support operation to the conditions which exist. The Department was not, in any respect as far as I know, responsible for the entry of this organization in the peanut business—the cotton associations in the various areas do participate in the cotton-support operation and——

Mr. POAGE. That is right, but——

Mr. THIGPEN. And the cooperatives in the bean areas in Michigan——

Mr. POAGE. And the Southwestern Peanut Growers Association, can they get into the cotton business?

Mr. THIGPEN. We do not control what that organization does.

Mr. POAGE. Well, what would you tell us if the Southwestern Peanut Growers Association gets into the cotton business?

Mr. THIGPEN. We did not tell them they had to go out.

Mr. POAGE. No; but you——

Mr. THIGPEN. We explained and discussed with them what we are trying to accomplish and we asked them to make their own decision.

Mr. POAGE. You did not explain that the Cotton Producers Association are doing the same thing which you advise the Virginia-Carolina Association not to do?

Mr. THIGPEN. That is an entirely different relationship. In the one case we have, I think in the Department over the years, although I did not originate it, tried to find the most practical way of making the funds available, considering the nature of the commodity and the market for it.

In the case of Cotton Producers Association which came in from a commercial standpoint, we have tried to avoid denying them the right to represent the members, but at the same time, we have tried to make sure we have drawn lines which would preclude any possibility that they could use the limited participation in price-support operations to competitive commercial advantage, or so act in any way that it would weaken or jeopardize the interests of the Government in the price-support operation.

Mr. POAGE. I understand that answer, but suppose the Southwestern Peanut Growers Association tried to get into the cotton market, is the Department of Agriculture welcoming them into the cotton business and are you going to continue to do business with them if they get into the cotton business?

Mr. THIGPEN. If they got into the cotton business in a way which meant that they could not possibly service the peanut price-support operation, we then would look at some other way of handling it.

What we try to avoid is a conflict of interest in the operation.

Mr. COOLEY. Do you think that taking away from the established organizations that were functioning and are now functioning and transferring that to a new organization, that that does not weaken the old organization?

Mr. THIGPEN. As the lines are drawn, none of that business is taken away because the old organization retains the money for operating expenses with minor savings from recordkeeping.

The old organization has responsibility for supervising warehousing and so on of the Cotton Producers Association just as it has for privately owned warehouses or corporately owned warehouses. I cannot see where in this proposal this year, where in any manner it jeopardizes the position of the old organizations.

Mr. COOLEY. It might not jeopardize them, but would it not weaken them, if that new organization from Georgia goes in there?

Mr. THIGPEN. I don't think that weakens the old organization because we look to the old organization to carry the responsibility for the price-support operation. We do not look to the Cotton Producers Association to supervise——

Mr. COOLEY. How about the warehouses?

Mr. THIGPEN. The old organization owns no warehouses, all of its warehousing is done under contract with people who own and operate warehouses. I mean, the old organization owns 1 or 2, but somebody else operates them.

Mr. COOLEY. What would be the benefit to this Georgia group if the Georgia organization goes into that area? They would go in there to make money, would they not?

Mr. THIGPEN. As far as the price support is concerned, I don't know that there are any benefits.

Mr. COOLEY. What are the benefits? They go there for some purpose, some profit; what are the benefits?

Mr. THIGPEN. They go in as a commercial organization to form a cooperative, presumably with the objective of rendering a service to farmers and as a cooperative they get some benefits for farmers—

Mr. POAGE. Well now, you say rendering a service to farmers. What service would they be rendering that is not now already being rendered by the Southwestern Peanut Growers Association or the Texas Cotton Association?

Mr. THIGPEN. I don't know of any aspects of the price support operation which are not presently covered.

Mr. POAGE. What possible service, whether it is price support or anything else?

Mr. THIGPEN. Well, that moves into the question of whether a farmers' cooperative of any kind is of any value to farmers.

Mr. POAGE. No; it does not. We have got farm cooperatives in Caddo County in the cotton field. I have asked what possible benefit can these people render coming in there and duplicating that service?

Mr. THIGPEN. As far as I know, there is no farmer marketing cooperatives in the peanut industry in the Southwest.

I might make the observation, without attempting to support or defend a cooperative in this particular case, which is difficult; I might make the observation that if this organization provides services and facilities in the Caddo County area this year which are better than the services and facilities that have been available to farmers heretofore in marketing their peanuts, strengthening the market which has not been heretofore—that it could be of definite value to the farmers of that area.

Now, any organization going in, corporate or partnership or what-not, could be helpful.

Mr. COOLEY. You say there are no cooperatives. I know that in my own county there are. Where can a farmer sell peanuts except through an agency designated in Washington?

Mr. THIGPEN. Well, there is a distinction between selling peanuts and placing them under loan—

Mr. COOLEY. Or placing them under loan?

Mr. THIGPEN. The organization in the Virginia-Carolina area servicing the loan—they have contracts, I presume, in Edgecombe County and in Nash County, I assume, and those are the Columbia Peanut Co., the Suffolk Co., the Planters Peanut Co., and it may have contracts with three of those organizations in the same town, Tarboro or Enfield or wherever it might be.

Now, the farmer goes to town with his peanuts. He cannot sell them all, and so he wants to put them in the loan and he may put them in the loan through any one of the three organizations which have contracts with the Stabilization Association, and that same proposition prevails in the Southwest.

Heretofore, assume there had been only one buyer, I won't call the name, X, a buyer, and that the farmer did not get very good treatment from that buyer because there was no competition, and the warehouse facilities were not very good and the peanuts, because they had no shelling facilities, the peanuts had to be hauled 100 miles to

be shelled, and so if some organization came in there and put up some good warehouse and put up a shelling plant and with its own money, without regard to a price-support organization, and bought peanuts, then that it brought fresh competition in the market and to the extent it bought all it could and had to put some under loan, provide better servicing for the loan operation, it could be helpful to the farmers in that area.

Mr. ALBERT. I have some questions.

Don't you think, Mr. Thigpen, or do you think, that you have taken all of the steps, as I understand it, to prevent this organization from getting any competitive advantage over the commercial shellers in the Southwest?

Mr. THIGPEN. As far as the price-support operation is concerned, Congressman, I think we have. And again I say that I could be wrong, but I think we have.

Mr. ALBERT. And you do not think this is an operation which will force other shellers to sell out to cooperatives or to organize themselves into cooperatives?

Mr. THIGPEN. I don't believe that the shellers, when they observe it, will find it to their advantage to move in that direction.

Mr. ALBERT. And can any other cooperatives that offer the same facilities and have the same mission as this organization, can they get the same advantage?

Mr. THIGPEN. They have the same kind of treatment; yes.

Mr. ALBERT. Let me ask you this? You said, as I understand it, that before this cooperative bought out the Georgia Peanut Co. and got into the business, they did discuss it with the Department and the Department did not encourage them and that they did have to sign a contract?

Mr. THIGPEN. I think that is correct. I would like to clarify the point or confuse it to this extent:

The Cotton Producers Association people came in to us and said, "We are in the process of buying the Georgia Peanut Co." and they said there were certain negotiations and, "We would like a loan agreement to handle price support."

In other words, from my standpoint, they had bought the Georgia Peanut Co. and we had nothing to do with it.

Mr. ALBERT. You did not tell them at the time they signed this contract——

Mr. THIGPEN. We gave them a contract last year which was much more favorable than the one that we are letting them participate in this year, there is no comparison. In other words, we have tightened it up and taken away from them, and they are not getting out of the price support anything they had expected or had reason to expect last year.

Mr. ALBERT. Then I understand from what you said the only reason for giving them this contract is that you think on principle that as a farmers' marketing cooperative they are under the law entitled to it?

Mr. THIGPEN. To represent their members, that is correct.

Mr. BURLISON. As I understand it, in 1957 they are not permitted to go into these other businesses——

Mr. THIGPEN. Essentially, that is correct, as to the 1957 operation. What we say to them is, "We do not want you to get into these other operations."

Now, they are an independent organization, they do not have to go into the price support operation if they do not wish to, and they can quit the price support operation and they can take the money that they have and then go into the commercial business of warehousing or shelling peanuts or do what they want.

Mr. BURLERSON. But they were organized for the purpose, and they have been servicing the people, and were organized for that purpose?

Mr. THIGPEN. I think that they render a good service.

Mr. BURLERSON. But as far as going into something else that they were never organized for the purpose of going into, and again pursuing this line of questioning, why bring somebody in that was not organized and never was organized for that business and have that multiple interest and purpose into this price-support program?

Mr. ALBERT. If the gentleman would yield, I think that the Farmers Union has a peanut operation of some kind in Oklahoma. Could they make this same contract that they have, so far as you know?

Mr. THIGPEN. No, sir; they could not, because they are not in the commercial end of the marketing of peanuts and we are trying to limit the stabilization end of it, and the overall responsibility, to one organization in an area; otherwise it will be difficult to handle and you might have to resort to an entirely different method of handling the operations.

We still are looking to the Stabilization Association in each area to carry the responsibility, and we are protecting them financially, and I believe that we are, on the other side, precluding any commercial marketing cooperative from getting a competitive benefit out of price supports.

Mr. POAGE. Well, you encouraged that kind of competition in Virginia-Carolina.

Mr. THIGPEN. No, sir; we did not encourage, and we are not encouraging.

Mr. COOLEY. You did not answer Mr. Burleson's question.

Mr. THIGPEN. I did not?

Mr. COOLEY. He asked why you brought in a new organization in this area or contracted with a new organization to operate in an area where they have not been?

Mr. THIGPEN. Well, they went in there. We did not bring them in. We gave them a contract on a limited basis as a matter of principle. We did not give them a direct contract. We let them participate in a contractual arrangement for limited purposes as a matter of principle, and that is the line which I think we are obligated to hold.

Mr. COOLEY. They have to go in there and establish relations with the membership in the area and solicit membership there.

Mr. THIGPEN. I think that is correct, just as a corporation would have to go in and establish relations with customers, yes, sir.

Mr. COOLEY. If they go in and solicit members, they certainly are going to contend that they have some advantage over the existing organizations, aren't they?

Mr. THIGPEN. I cannot help what they pretend—but their competitors are also pretty good pretenders.

Mr. COOLEY. They will say, "We will pay you more profits if you join us."

Mr. THIGPEN. Well, Mr. Cooley, you know how it is. You know how these tobacco warehousemen publish prices higher than the prices

actually for tobacco and you know that this competitive play—it is pretty keen on both sides, and I don't think that one organization has much over the other.

Mr. GRANT. If I may ask for a moment, and go to another phase:

Mr. THIGPEN, do you recall that you told us—you may recall that at that time I said that it looked like we had enough headaches trying to look after the legislative end of the peanuts, but every summer and every fall we get a good many problems and as I told you, I have, during the last few days received several telegrams from local insurance agents in my district, and I was told by one of them who stated that this insurance business that heretofore was given to the local agents would be given to two firms in the State of Georgia, and I believe he told me that, although I am aware of that, but I wish that for the record you could please explain the departure in insurance that is being carried out on these peanuts so we may have something that we might explain to the local agents.

Mr. THIGPEN. Yes. In the first place, we are not giving insurance to any specific firms. On the contrary, whereas we have heretofore required the warehousemen to carry insurance on peanuts held in commingled storage, that is, where peanuts are under the CCC loan and held in commingled storage, we are saying in 1957 that we no longer require the carrying of that insurance and CCC will assume whatever risk is involved and absorb whatever losses are incurred.

It is similar to what we do on tobacco, as a matter of fact. Now, in case the peanuts are lost, the CCC funds have that set up—

Mr. GRANT. The CCC simply absorbs the losses?

Mr. THIGPEN. Yes.

Mr. GRANT. Does that mean that the farmer will save the insurance premium, or the warehouseman? Where will that saving go to?

Mr. THIGPEN. On peanuts, they will, if they are redeemed—there is a feature included for the risk of storage and the redemption of peanuts.

Mr. McMILLAN. Just a minute. I believe Mr. Miller has to leave to catch a plane.

Mr. MILLER. I do. I am sorry.

Mr. McMILLAN. All right, Mr. Thigpen, you may proceed.

Mr. THIGPEN. On peanuts, which are redeemed, there is a charge for the risk involved. On the large bulk of the peanuts that go into loan and which have to be diverted, the Government saves, I believe, a large part of the costs on insurance, because in the first place we have paid insurance on the value of those peanuts for edible purposes which is something more than twice what we are able to get out of them when we divert them for oil or meal, and those elements are over half of what is involved.

I think it is inevitably true that on ordinary small insurance contracts that the expenses are such that there is a cushion there against the loss which might be incurred. CCC does not purchase insurance, but it absorbs its own losses.

Mr. GRANT. Am I correct in assuming that this insurance is being taken away from the local insurance agents, if it is not being given to anyone else?

Mr. THIGPEN. Well, we just are not taking insurance.

Mr. POAGE. Now, just suppose that the Southwestern Peanut Growers Association decided that they wanted to grow cotton in Georgia.

Will that be all right with you?

Mr. THIGPEN. Yes, sir, they can go into any business that they want, any place they want.

Mr. POAGE. I know, but will you then cancel your contract with them? I understand they can go into business of growing cotton, just as I understand they can go into the cow business, but if they are going into the cotton business, can they handle the peanuts, if they go into the cotton business in Georgia?

Mr. THIGPEN. If it creates a conflict of interest which we think is undesirable, we would either discontinue with them or would try to draw lines to protect our interests.

If it creates no conflict and if they service the job satisfactorily——

Mr. POAGE. Now, you have already stated that you did not want these price-support organizations going into the outside businesses, and you told us that you talked with the Virginia-Carolina people, and that you talked them out of these outside businesses, and that you did not want that, and I think that is perfectly all right, I find no fault with that, but now it seems to me that what is sauce for the goose is sauce for the gander, and if you are going to let these Georgia people take over the peanut business in Texas and take over the peanut business in Oklahoma, if you are going to let them do that, then how would you like for the Texas people to go in and take over the cotton business in Georgia, where they can compete with Mr. Brooks?

Now, you bring Mr. Brooks into Texas, where we have got cotton associations and where we are doing pretty well, or at least we think we are doing pretty well, you bring Mr. Brooks down into Texas there and we do not need him to put a club over the Texas cotton associations—but leaving that entirely aside, you bring in unfair competitive competition to our cotton cooperatives in Texas when you bring these people in, who have a peanut program on the one side and a cotton program on the other side, and you have put them in a position where they are in competition against our cotton associations.

Now, if you are so greatly concerned, as you say, about the welfare of the cooperatives, then leave the Texas cooperatives alone, unless we are doing something wrong, and if we are doing something wrong, then you just tell us what it is. But as long as we are doing all right and doing a service, let us not have somebody from Georgia, let us not get somebody in from Georgia to come in and cut our throats.

Mr. THIGPEN. I believe we are not doing that.

Mr. POAGE. Well, we believe that you are, and that is the whole difference, that is the bone of contention, that is where we disagree.

Now, of course, we cannot be sure, either one of us, and you say that you cannot be sure, and neither can we, and you say that you believe it does not hurt us, but we believe that it is hurting us. We believe it is fixing to destroy us. We believe in having fair competition, and we can meet fair competition, but we believe that here we have been given unfair competition, and we believe that you are tearing down the principles that you yourself set up, when you put the Virginia-Carolina Association out of collateral business. We believe now that you are carrying those very principles over into the Southwest, and you know that there is no certainty about it, because nobody can say there is any certainty to anything that will happen in the future, but why are you getting them in there? Why are you doing that, when you are getting so very little in return?

Mr. THIGPEN. Congressman, with the lines which have been drawn, I do not believe there is a reasonable doubt that there will be injury to your people. And now again, I know that I can be wrong, and I find it difficult to know how to explain further than I have.

Mr. BURLESON. Let me ask a question along these lines.

The peanut growers associations must service every peanut producer wherever he is, whether it is a hundred miles away, or so; but does your special contract with the Cotton Producers Association force them to do that, or can they pick their area?

I would like to clarify that. In the agreement, can they go into the more heavily producing areas and confine their activities to certain lines and take the cream of the crop and let the rest go?

Can they select their membership, so to speak?

Mr. THIGPEN. I will answer no, in this sense—

Mr. BURLESON. Does your contract agreement with them prohibit or does it on the other hand force them to take everybody's peanuts?

Mr. THIGPEN. It does not force them to take everybody in, and as a matter of fact our working arrangement with them prohibits that, and it confines what they do on the loan operation to what comes to their particular location from their members and patrons. We do not want them to undertake the servicing of the loan operation. We have that taken care of satisfactorily otherwise.

Mr. ALBERT. They are moving from Dallas, Tex., to Oklahoma, to Caddo County, the No. 1 peanut-producing county in Oklahoma, and you do not care whether they are doing that or not, you do not require them to do that?

Mr. THIGPEN. That is right.

Mr. POAGE. As a matter of fact, isn't it true that both Texas and Oklahoma peanuts are grown primarily in areas that do not grow a great deal of cotton—or, for that matter, a great deal of anything else, not even a great deal of peanuts, for that matter? It is true, is it not, that the peanut area does not grow a great deal of cotton?

Now, certainly there is no room for two cooperative cotton marketing associations in those counties in Texas, or in Caddo County in Oklahoma; is there?

We have a very good cotton marketing association in Texas; and then you go and you bring in an association that has the opportunity to—well, it gives the association a chance to give the farmers glass beads along with the contract, or it gives them bottle tops, or something of that kind, and it succeeds in taking away enough of the members of the Texas Cotton Association to disrupt their operations in this area, and yet you are letting these Georgia people do that—you let them do that, in order to promote our cooperatives, you say. We fear that you are going to destroy our cotton cooperatives, as well as our peanut cooperatives.

Mr. THIGPEN. Congressman, I am unable to follow the relationship that you have set up.

Mr. POAGE. Well, don't you think that this Georgia outfit would have a better selling talk than the Texas cooperative could have, if you are going to let them come in there, they can go to the man who lives in the peanut area and although he may grow more cotton than peanuts—perhaps he has grown both—and do they not have an inducement for him to be a member of the Georgia outfit, which handles both crops?

Mr. THIGPEN. No, sir.

Mr. POAGE. And if he is not a cotton producer, you are still going to let him become a member of the cotton association, although he does not grow cotton?

How is the Texas Cotton Association going to get anybody in who is in our major peanut county, but who also grows some cotton—how is the Texas association going to be able to induce a farmer to sign up with them and put his cotton in the Texas association, when along comes this Georgia association that plays both sides against the middle and says, "Join with us, we are going to get you more money on peanuts?"

Mr. THIGPEN. It is not, Mr. Congressman—

Mr. POAGE. I am asking you, how can the Texas association get farmers to sign up when your organization has such an inducement?

Mr. THIGPEN. That is not my organization.

Mr. POAGE. Anyway, there is nothing to keep them from saying that, from doing that?

Mr. THIGPEN. No, sir. And I don't think that they—

Mr. POAGE. Then why won't they go into it, if they can make any money from it?

Mr. THIGPEN. Why haven't they gone into it before? I don't know.

Mr. POAGE. Well, it seems like it is really a worse thing than I supposed. You are actually telling us—well, they are really not a cotton association at all, they are simply masquerading under the name of a cotton association, they have simply got a cloak of respectability, they are covering up the stench with smelling salts, you might say, and telling the farmers, "We are a cotton association," when they are no more a cotton association than this milk association is.

Mr. THIGPEN. Again, I am really unable to relate the point you are making here with respect to the cotton, to the point with respect to peanuts.

Mr. POAGE. There isn't any relation. If it is actually not a cotton association, I don't suppose there is any. But I at least assumed, or the farmers were led to assume, that they really were a cotton association, and they thought that the Department of Agriculture would not do business with an outfit that had a fraudulent name, that wears a false face, and says, "We are a cotton association," and yet they do not handle a bale of cotton.

Mr. BURLISON. I think you are exactly right. They are not in the cotton business in the State of Oklahoma and Texas. They do some in Arizona. But as I understand, they have no intent at this time of going into the cotton business, but only in peanuts.

Mr. ALBERT. Off the record.

(Discussion off the record.)

Mr. ABBITT. There was one thing I did not understand, or maybe I misunderstood. That was, how they got the contracts with the growers in the first place—how the Cotton Producers Association got contracts.

Mr. POAGE. The Department told them that they were entitled to it because they were a cooperative.

Mr. THIGPEN. No, sir. A sheller who wants a warehousing contract, if he is a good reputable operator, he can have such a contract with the stabilization type association. There is a slight change in

the southwestern area operation, as I understand it, where they have tended to limit it to one firm.

Mr. ABBITT. In other words, any fellow down there who has a reputable reputation of doing business, a good reputation, then he is entitled to a contract with the Peanut Growers Association, as far as peanuts?

Mr. THIGPEN. That is right.

Mr. ABBITT. Suppose they say, "We don't think he is a reputable man"—what happens?

Mr. THIGPEN. Well, we get into argument on that. That is kind of going out of my field and into the field of the stabilization association.

Prior to this year the southwestern association has been inclined to say that certain locations, certain warehousemen, have done the job for us, and we will confine our contract to that warehouseman.

Generally speaking, however, there is no reputable sheller-warehouse in the Texas-Oklahoma area, as far as I know, who does not hold a storage contract if he wants it—I know of no discrimination in that area—

Mr. ABBITT. You said that they were coming in as a cooperative, coming to render the farmers a service. Well, they were really coming in to render the members of their association in Georgia a service, rather than the farmers of Oklahoma and Texas.

Mr. THIGPEN. I, of course, find it difficult to limit my thinking in terms of any given space or area, when a business organization moves in.

Mr. ABBITT. Let me ask you this: How do you get to be a member, how do they cut the fish, that is, how do they divide the profits of this Georgia association?

Mr. THIGPEN. As far as I know, they follow the pattern, the practice of farmer cooperatives—I don't know the details of the pattern they have, but the pattern usually is that when you get a certain amount of money, you either pay out all or part in cash, or you pay it out partly in cash and participation certificates, or all participation certificates.

Mr. ABBITT. Do they have any preferred members, or does each man—is each member just a member according to what he sells? When I say that, I mean according to how much he sells.

Mr. THIGPEN. Well, I don't know whether they have any preferred stock or not, but in accordance with the laws, anyway, they have a pattern.

Mr. ABBITT. Would the Department look into it to see whether it is a regular cooperative, whether they have preferred membership, or how they are going to divide the profits?

Mr. THIGPEN. When it comes to the operations other than price support, we have not gone to that part. That is the business of the cooperative. They operate under laws. We do not have that responsibility.

When it comes to the price support end of it, we establish the rules and limits which should be observed, and we say that with respect to the money which comes out of the price support operation that it is to be distributed back to the growers who put peanuts into loan in cash—

Mr. ABBITT. As I understand, they got a contract because, you say, it is a cooperative, a regular cooperative.

Mr. THIGPEN. Now, again, when it comes to the price support of it, I think in my responsibility that I should stipulate the rules governing that.

We do know, as a matter of fact, that it is a bona fide farmers cooperative, and that it has grown and built up as a farmers cooperative in the regular competitive business field over the years, and we know that they have followed reasonable practices in their relationships with their members on business operations.

Mr. ABBITT. Of course, I do not know anything about this cooperative, but it does not seem practical to me that those people in Georgia are going to take on more work, they are not, the officers and directors are not going to assume more responsibility unless the people in Georgia are going to get more money by going into Oklahoma or Texas, so there must be something behind it other than rendering service to the Texas people or the Oklahoma people. They are not setting up a subsection with respect to peanuts, unless they are going to get something for it.

Mr. THIGPEN. I think that it follows in the peanut industry, and I am probably out of the area where I should be discussing this, but if the organization feels that it is to its advantage to have some part of the peanut business in the southwest area, then if it wants to operate, certainly it must deal reasonably and fairly with the growers in the southwest area, and I don't think that it is our responsibility to go into that, as I said.

Mr. ABBITT. Well, the point that I am trying to make is that apparently they expected to reap some special benefits out of the peanut area of the Southwest for the benefit of the people back in Georgia that originated the plan. I got the impression that it was more or less of a transfer, that the Columbia Peanut Co.—

Mr. THIGPEN. The Georgia Peanut Co.

Mr. ABBITT. The Georgia Peanut Co.—I was just guessing.

Mr. THIGPEN. I do not know the details of the transaction which had the effect of moving the Georgia Peanut Co. under the control of the Cotton Producers Association.

Mr. ABBITT. Is that the one operated by Parrish?

Mr. THIGPEN. He was one of the men in the Georgia Co.

Mr. ABBITT. What position does he have in the cooperative?

Mr. THIGPEN. I don't know his precise position, but Mr. Parrish and some of the other members are, I suppose, members of the Cotton Producers Association.

Mr. ALBERT. Of course, if the farmer gets an advantage because of the operation, that is one thing, no question about it, he is entitled to it, but if, however, he is told, "If you bring your peanuts to us and store them here and put them under loan, and then if there is a profit made, we can give you a special cutback," then you are giving them an advantage, it seems to me, over other shellers.

Mr. THIGPEN. Any sheller can tell them the same thing, because the Southwestern Peanut Growers Association has the same obligations to distribute back to the growers any net earnings on loan that the Cotton Producers Association has.

The only time that the distribution to the growers would be different in that case versus the case of the Cotton Producers Association would be in the case of a greater proportion of the quantity being placed under loan on one side as against that which was redeemed—

Mr. ALBERT. It would be with respect to the redeeming of peanuts that I am concerned with.

Mr. THIGPEN. Yes. The shellers of the Southwest are fearful that the Cotton Producers Association will redeem a bigger proportion of what they put under loan. I think that that is, as is the case with some of the other fears that have been expressed, probably exaggerated under the circumstances.

Peanuts which are redeemed from the loan have a markup above the loan and costs and cannot be redeemed and sold except at prices above the price at which the peanuts ordinarily move from the farmers' hands into the shellers' hands, when your price is that close to support, as is true most of the time.

Consequently, the Cotton Producers Association have got to go out and dig for whatever small part of the edible peanut business there may be for peanuts redeemed from loans, and I do not believe that the Cotton Producers Association can do much better in getting that business than the shellers can.

Mr. ALBERT. Well, the shellers believe that they can, and they have been in business for a long time, and that is what they believe.

Mr. THIGPEN. Well, I have more faith in the ability of these shellers as competitors than they seem to have in themselves.

And I have yet to see an area in which a farmers' cooperative has gone in and taken over the business. I know of no commodity in which a cooperative has taken over.

Mr. ABBITT. Has the contract been signed between the Southwestern and this Cotton Growers Association?

Mr. THIGPEN. No, sir. The contract is now in process of being finalized.

Mr. ABBITT. I understand that if they did not sign it, the Department would look toward getting a direct contract with the Cotton Producers Association.

Mr. THIGPEN. That is one of the alternatives we might have.

Mr. ABBITT. You gave them to understand that, didn't you?

Mr. THIGPEN. That particular question has not been decided, and I guess I should answer you here by saying that if the Southwestern Peanut Growers Association said, "We do not want to service the loan or have any contract relationship with the Cotton Producers Association," that we probably would say, on a limited basis we will let the Cotton Producers Association come into loan, and we would have to have some contract with them.

Mr. ABBITT. By having a direct contract with them?

Mr. THIGPEN. Yes, that is what we would have—not that we would want to do it.

Mr. POAGE. Well, you just want them to do what you want done. If they do everything you ask them to do, then you won't ask them to do any more.

Is that right?

Mr. THIGPEN. Congressman, I never get everything that I want.

Mr. POAGE. Well, let us find out about this Cotton Producers Association, so-called cotton producers cooperative. I thought it was a cotton producers cooperative, but you just explained that it was not. And as a matter of fact, this Georgia outfit bought out the Georgia Peanut Co.—they owned the plant in Oklahoma, didn't they?

Mr. THIGPEN. They do.

Mr. POAGE. The corporation went there to make money not to try to help anybody in Oklahoma, did they not?

Did I misunderstand your testimony to be that these people came into Texas and Oklahoma just to render a service, because they were a cooperative and friends of the farmer?

As a matter of fact, it was a private corporation for the sole purpose of making a profit that came out here, didn't they, before Mr. Brooks came into it?

Mr. THIGPEN. That is correct.

Mr. POAGE. So then how, by the wildest stretch of the imagination, could anybody claim that they got into Oklahoma simply to help the people there?

Mr. THIGPEN. I don't think I have so claimed.

Mr. POAGE. No, you did not claim it, but you sure did give that impression.

Mr. THIGPEN. I did not mean to leave that impression in discussing that phase of it. I tried to point out possibilities.

Mr. POAGE. That was at the time that I understood you were saying that you let this so-called cotton producers cooperative—but as a matter of fact, it was not any such thing, it was a private corporation organized solely for profit, and they thought that they could get some profit by going into Oklahoma and they built some warehouses in Oklahoma; isn't that right?

Mr. ALBERT. A shelling plant.

Mr. POAGE. Well, a shelling plant.

Mr. THIGPEN. The organization originally was a private organization and there was a shift to the cooperative form of business.

Mr. POAGE. That is right. And it did not have anything in the world to do with cotton.

Mr. THIGPEN. On the peanut side; no, sir.

Mr. POAGE. And the Georgia Peanut Co. did not handle cotton in any respect.

Mr. THIGPEN. I understand they probably ginned and pressed some cottonseed, but were not in the cotton business. They were in peanuts.

Mr. POAGE. Yes. They were in the peanut business. So that where you pointed out the possibility that the cotton cooperative went in because they wanted to help their farmer friends in Oklahoma you were in error. Actually, they bought out a peanut organization over in Georgia which happened to have some property in the Southwest. Now they say, "We are a cooperative, so you Oklahoma farmers must take us into your bosom." And they tried to get our people to embrace them.

Now, you were not clear when Mr. Abbitt was asking, and then Mr. Albert joined in—let us assume that he is growing peanuts and, now, in order to protect his peanut market, he joins the cotton cooperative from Georgia, and let us go further and say that our good friend and former member of this committee, Mr. Pace, whom we all know and who lives in Georgia, let us assume that he is a member of the cotton part of that association, and Mr. Pace puts 10 bales of cotton, and Mr. Albert puts 10 tons of peanuts in the same association, to have them sold. I ask you now, when the dividends or earnings are to be given out, do Mr. Pace and Mr. Albert share equally?

Mr. THIGPEN. I don't know the answer to that. Presumably a cooperative can have a pool of peanuts and a pool of cotton, but if they should put the two pools together, with the nature of the business——

Mr. ABBITT. You would get the profits from the shelling operation and probably he would get three checks.

Mr. POAGE. What do you think about that?

Mr. THIGPEN. Congressman, I think that where you have a cooperative organization that is owned by the farmers——

Mr. POAGE. Which farmers? Oklahoma farmers or Georgia farmers?

Mr. THIGPEN. All of them.

Mr. POAGE. They own a peanut shelling plant in Dallas, they own a cotton gin in Georgia; is that right?

Mr. THIGPEN. As far as I know.

Mr. POAGE. The same people.

Mr. THIGPEN. Congressman, you can lead me into areas which are unrelated.

Mr. POAGE. Oh, no, you folks come down in Texas and you try to sell membership——

Mr. THIGPEN. Don't call them "you folks."

Mr. POAGE. Well, they are not mine. I did not want them. You are the only one that said a kind word for them. And we have not told you to bring them in. So don't blame it on us. We did not ask them to come into Texas and Oklahoma.

Mr. ABBITT. Off the record.

(Discussion off the record.)

Mr. THIGPEN. Now, Congressman, seriously——

Mr. POAGE. Seriously? I am just as serious as I can be, and I am trying to find out and I cannot find out what would be the interest of the Texas and the Oklahoma farmer—I cannot find out whether we will get the assets and the liabilities of this outfit in Georgia, or whether they will get the assets in Georgia and we, the people from Oklahoma and Texas would be getting only the liabilities. You told us that this thing was a farmers cooperative. But you don't know how they operate, do you?

Mr. THIGPEN. I will say I will plead ignorance in that field.

Mr. POAGE. Yes, but you told us that it was a highclass proposition, for the benefit of the farmers. You made that statement.

Well, now, you may make that statement, but I am not going to make that statement to my people until I know it, because I know of rascal cooperatives, just as any other——

Mr. THIGPEN. I don't believe I called it a high-class proposition, and my comments and any kind remarks that I may have expressed or appeared to make—I have simply tried to explain what I understood was the nature of the organization, and to have the facts straight.

Now, as far as the peanuts are concerned, I would not advise the farmer to join or not join any organization. That is his privilege.

Mr. POAGE. He has got to join to get price support.

Mr. THIGPEN. And what you are going in that respect is what you always do—it will be in the light of what you think is best. But personally I would not advise them whether or not to join an organization.

As far as the peanut operation is concerned, there are two ways in which farmers deal with this organization.

Number one, they go into town to sell peanuts, and they will sell most of the peanuts, but there will be a small proportion that goes into loan. Presumably, if the farmers sell to this organization instead of somebody else, if that farmer does that, he does it because of some advantage, that he can see the money in hand, and if the farmer does not sell the peanuts but places them under loan, then he gets the money whether he places it under loan through this organization or another organization.

Mr. POAGE. That is right, but you cannot get money without joining the organization——

Mr. THIGPEN. He does not have to join, in all cases, as far as I am concerned, and I expect that the Cotton Producers Association would say to them, we do not want to deal with you unless you become a member. But I don't know what they will do. But any cooperative tries to have at least 51 percent of their business from its members.

Mr. ALBERT. One final thing:

Isn't it true that here was one of the biggest peanut companies in the country, and they were smart operators in this business, and they decided that they would get a cooperative status, and wasn't there a complete transfer of the management, and wasn't it because they felt that they would do better as a cooperative, isn't that the motive behind the whole thing?

Mr. THIGPEN. I think it is a little bit different.

I would like to say this off the record.

Mr. ALBERT. Yes.

(Discussion off the record.)

Mr. McMILLAN. Back on the record.

Mr. POAGE. Let us get that last part in the record, that in the main the employees of the Georgia Peanut Co. are now largely employees of the Cotton Producers Cooperative.

Mr. THIGPEN. That is my understanding; yes.

Mr. McMILLAN. Are there any further questions?

(No response.)

Mr. McMILLAN. Is there anything you would like to add before we conclude?

Mr. THIGPEN. No.

Mr. McMILLAN. The subcommittee stands adjourned until further notice.

(Whereupon, at 5 p. m., an adjournment was taken, subject to call.)

PEANUTS

TUESDAY, AUGUST 20, 1957

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PEANUTS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:15 a. m., in room 1308, New House Office Building, Hon. John L. McMillan (chairman of the subcommittee) presiding.

Mr. McMILLAN. The committee will come to order.

The purpose of the meeting this morning is to give the members of the Peanuts Subcommittee and Members of Congress in general an opportunity to learn just what method the Department of Agriculture used in fixing the support price on peanuts. Members, some not even on the Peanuts Subcommittee, have requested me to hold this hearing and give them an opportunity to find out if this was to be the pattern to be used on cotton and other products where support prices were to be fixed at a later date.

We have with us Congressman Forrester of Georgia, representing one of the largest peanut-growing districts in Georgia; and we have the president of the Georgia Farm Bureau from Georgia, Mr. Wingate.

Mr. COOLEY. Mr. Chairman, may I read a brief statement into the record before we hear other witnesses?

Mr. McMILLAN. Certainly.

Mr. COOLEY. This is a statement which I have from Mr. Joe Sugg, executive secretary of the North Carolina Peanut Growers Association. It reads as follows:

The North Carolina Peanut Growers Association is not versed in the legal technicalities of the recent decision of the Secretary of Agriculture to lower the percent support level on peanuts as given in a preplanting announcement. We have been led to believe that in peanuts and other commodities the support level as announced by the Secretary of Agriculture in his preplanting support-level announcement could not be lowered, but in the event of certain conditions could be raised. It was our further understanding that the reason this level of support was frozen at the preplanting announcement time was so that the farmers would get the advantage of any increase in parity level.

We feel that the action as taken by the Secretary, even though it may be technically legal, is a breach of faith and an obvious attempt to use devious means to keep the peanut prices and the income of the peanut grower at a level lower than that intended by the AAA Act, as amended.—I regret that it is impossible for me to be present at the hearing, but due to a subpoena as a witness in court, from which I was unable to get excused, I will not be able to attend the hearing to represent the growers of North Carolina.

Mr. McMILLAN. Without objection that will be inserted in the record.

I should have stated at the beginning that we appreciate the presence of Mr. Miller, the Associate Administrator of the Commodity

Stabilization Service, and Mr. Thigpen, who is Director of the Oils and Peanut Division of the Department of Agriculture.

Mr. Forrester, would you care to make a statement this morning?

STATEMENT OF HON. E. L. FORRESTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. FORRESTER. Mr. Chairman, of course I certainly do join and did join in the request that you call this meeting. I am highly grateful that you did. I know that we are working under extreme pressure. Each and every member of this subcommittee is, and I am also. I do not wish to trespass upon your time. I did want you to know by my presence here that I appreciate your calling this meeting and that I would like this matter to be gone into and rectified.

If it is all right with the subcommittee and in the interest of time, I suggest that you hear from the president of our Farm Bureau in the State of Georgia. I have discussed the matter with him. I stand upon the same premise that he does and will endorse the things that he has to say.

Thank you, Mr. Chairman.

Mr. McMILLAN. Thank you very much, Mr. Forrester. I think every member of this committee realizes the deep interest you have in the peanut growers and the industry. I wanted to give you an opportunity to say a word first.

We shall be glad to hear from Mr. Wingate, president of the Georgia Farm Bureau.

STATEMENT OF H. L. WINGATE, PRESIDENT, GEORGIA FARM BUREAU

Mr. WINGATE. Gentlemen, I would like to say that I appreciate the opportunity to appear before the committee with reference to this matter. I have a brief prepared statement, and I would like to say that former Congressman Stephen Pace, who helped in writing this law, helped me with some points so I could make this statement.

First, section 406, requiring advance announcement of the support level for field crops, is codified as section 1426 of title 7 of the Federal Code Annotated. It is a part of the Agricultural Act of 1949. This is the act containing flexible price supports.

I have a printed copy of the Agricultural Act of 1949. It shows on its face and is a complete answer to the action of the Secretary of Agriculture and the letter which Bob Farrington wrote to Senator Talmadge, a copy of which I have with me.

Section 406 on page 5 says:

1. "The Secretary shall * * * announce the level of price support."
2. That "the level of price support so announced shall not exceed the estimated maximum level of price support specified in this Act," that is, as determined by the Secretary of Agriculture.
3. That "the level of price support so announced shall not be reduced if the maximum level of price support, when determined, is less than the level so announced."

This means that when the Secretary makes the advance announcement he can make an estimate of what the supply percentages will likely be, and even though the crop should be much greater than

he previously estimated (when he made the advance announcement) he cannot reduce the level of support price even though the supply percentage is much greater.

This shows beyond question that section 406 is dealing only with levels, percentages of parity, and not with price.

Where the section states that when advance notice is given of the prices, the Secretary cannot reduce it, that means he cannot reduce the level. It speaks of levels all the way through.

I have here a copy of the Agricultural Act of 1949, and the front page of it shows what the level of support shall be. It says with reference to peanuts and cotton:

The level of support shall be not less than the following percentages of the parity price.

Mr. COOLEY. May I interrupt you at this point? In the section you just read the word "level" appears 5 or 6 times.

Mr. WINGATE. That is right. Then as you turn over page after page it is the level of price support, not the price-support level, which it says cannot be lowered. I shall refer to that a little more later.

Continuing: That such is the case is also shown just as clearly at another place in this act. Look at paragraph (b) on the first page, fixing the flexible support for cotton and peanuts. Look at the language on the right side just above the column of figures. That is what I have just pointed out to you. It says:

The level of support shall be not less than the following percentages of the parity price.

It defines "level of support." It says it is the percentage of the parity price. It does not say that the level is the support price. It makes no reference to support price. Section 406 says the Secretary "shall not reduce the level of price support so announced." It is plain, it is not open to argument, and legislative history cannot change the plain, clear, and simple language of the law.

In Senator Talmadge's letter of August 14, received from Bob Farrington, General Counsel for the Department, it is stated that the Secretary is not obligated to give any thought or attention to the level of support, that is, to the percentage of parity, but can just reach out in thin air, pick out a figure in dollars and cents, and announce it as the level of support. Every word in the Agricultural Act of 1949 is contrary to such contention.

By the way, let me say, gentlemen, that the letter to which I refer is one from Bob Farrington in reply to the request that Senator Talmadge made of him as to how he arrived at lowering the level.

Mr. Farrington says in his letter that, while the February announcement stated that the \$221.40 per ton was 82 percent of the parity price at that time, the Department made no commitment that the 1957 crop would be supported at 82 percent of parity price of August 1.

Let's see what the commitment was. In the announcement of February 25 it says:

The minimum support price, which is 82 percent of the January 15, 1957, effective parity price of \$270 per ton, will be adjusted upward at the beginning of the marketing year, August 1, if at that time the effective parity price or a change in supply from that now estimated results in calculation of a higher support price in accordance with price-support legislation.

That is a definite commitment that if the effective parity price would result in calculation of a higher support price, the minimum

support of \$221.40 per ton would be adjusted upward. As you know, the parity price of peanuts in February was 13.5 cents per pound (\$270 per ton), and on August 1 it was 13.6 cents per pound (\$272 per ton). But, instead of carrying out his commitment to adjust the support price upward to \$223.04 per ton to reflect the effective parity price on August 1, he adopted the plan or scheme of reducing the level of price support from 82 percent to 81.4 percent. Neither the law nor his own announcement of February 25 justifies or permits such a thing. I noticed that Mr. Farrington says in his letter to Senator Talmadge that—

Similarly, no percentage of parity commitment was made in the announcements relating to cotton and other field crops for this year.

This to me indicates that this plan was well worked out months ago to announce "support prices" rather than "support levels" as required by the law. In the cotton announcement of February 9, 1957, regarding cotton it used somewhat similar language as the February 25 advance announcement regarding peanuts; that is, it stated price support on 1957 crop upland cotton would be 28.15 cents per pound, basis $\frac{7}{8}$ -inch Middling, which "reflects 77 percent of the current parity price of 36.56 cents per pound." The difference is, however, that the Secretary did not treat cotton as he did peanuts, as his August 8 announcement on cotton increases the support on $\frac{7}{8}$ -inch Middling from 28.15 to 28.81 cents to reflect 78 percent of parity (up 1 percent) of the August 1 parity price of 36.93 cents per pound (up 0.37 cent per pound). In other words, as to cotton he gave growers the benefit of both the slight increase in the support level from 77 to 78 percent of the parity price and also the increase in the parity price from 36.56 cents last February to 36.93 cents August 1.

He apparently adopted another method of keeping down the support level on cotton; that is, by taking all of the cotton out of the "set-aside" where it would not have counted in figuring the supply or carryover in determining the price support level, and in estimating the exports during the 1957-58 marketing year at only 5 million bales when the New Orleans Commodity Office has already announced that the sale of 3,600,880 bales sold over the 1957-58 export program and ready for shipment beginning August 16. According to the Secretary, there will be only 1,399,120 more bales sold for export during the next 12 months. I find no one in the trade who believes it will be so small.

The "set-aside" provision is in the Agricultural Act of 1954. It also refers to "price support levels." I have a copy of that act with me, and I would like to refer to section 101 on page 1 and to section 105 on page 2. I would like to know what the word "level" means as used in section 105.

Mr. Chairman, I would like to refer for a moment or two to the section which I mentioned concerning the set-aside of agricultural commodities. All through these sections of the Agricultural Act the reference is to the level of price support. Quoting from section 105:

The quantity of any commodity in the commodity set-aside or transferred from the set-aside to the national stockpile established pursuant to the Act of June 7 1939, as amended (50 U. S. C. 98-98H), shall be excluded from the computation of carryover for the purpose of determining the price level for such commodities.

Then section 101 states:

This Act shall be excluded from the computation of carryover for the purpose of determining the price support level but shall be included in the computation of the totals.

I should like to read a part of subsection (6) of section 201:

Except as provided in subsection (c) and section 402, the level of support to cooperators shall be not more than 90 per centum and not less than 82½ per centum of the parity price.

That is the level of the parity price that we are getting at of the 1955 crop.

I want to drop down to where it talks about butter and some other commodities.

The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at such levels not in excess of 90 per centum nor less than 75 per centum of the parity price.

You can turn to page after page and find that. Then when it refers to price it changes and talks about the support price. On page 4 it says:

Such price support shall be produced through loans on purchases.

There it is talking about prices.

Mr. Chairman, I have with me the Agricultural Act of 1949, which shows what the level is, and it is on a percentage basis all the way. The law says you cannot lower the level of support. The Department has figured the level of support at 82, and then figured the price from that.

Mr. ABBITT. What you are saying is that level of support and price support are two entirely different things.

Mr. WINGATE. Two entirely different things. The level of support can remain the same, but if parity goes up it brings a higher price. The price is not level. It varies with parity.

Mr. ALBERT. He has to fix this advanced level. That is required by law.

Mr. WINGATE. That is right.

Mr. ALBERT. He sets it at 82, and from then on he is stuck with that figure the rest of the year.

Mr. WINGATE. That is right.

Mr. ALBERT. If the parity formula went up, that would go up.

Mr. WINGATE. That is right.

Mr. ALBERT. But it cannot come down. He is stuck with the 82.

Mr. WINGATE. That is right.

Mr. ALBERT. The support price is that multiplied by parity at the particular time.

Mr. WINGATE. That is right, sir.

Mr. ALBERT. You can increase it, but you cannot decrease it.

Mr. WINGATE. That is right. In the case of cotton you must find what the level of support is before you can even figure the price. You don't figure the level of support on the price and then back up and figure what percentage it is.

We are contending, Mr. Chairman, that the Secretary has not carried out the intent of Congress in this act.

Mr. COOLEY. Really it is the letter of the law that you are talking about rather than the intent. The law is plain.

Mr. WINGATE. The law is plain, and the intent is plain. I might say, Mr. Chairman, that I was here and I know that several of you

were here when that fight was going on. I well remember that the Congress adjourned at 7:14 on Sunday morning, and I know you did not pull off your shoes all night that Saturday night working on it. That is when this act was written.

Mr. McMILLAN. We thank you very much for your statement.

Mr. COOLEY. Would it not be a good idea to hear from Mr. Thigpen, the Head of the Oils and Peanut Division, and see what the explanation of this is? It seems to me that thus far Mr. Wingate has made out a very clear case.

Mr. McMILLAN. We also have with us the Associate Director of the Commodity Stabilization Service, Mr. Clarence Miller. Would you care to make a statement, Mr. Miller?

Mr. MILLER. Yes, sir. I have a prepared statement, Mr. Chairman, and after we have finished making the statement we shall be glad to answer any questions that might be posed.

Mr. McMILLAN. You may proceed, Mr. Miller.

STATEMENT OF CLARENCE L. MILLER, ASSOCIATE ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JIM E. THIGPEN, DIRECTOR, OILS AND PEANUT DIVISION; WILLIAM SHOFNER, DEPUTY DIRECTOR, PRICE DIVISION; AND HOWARD PICKARD, OFFICE OF THE GENERAL COUNSEL

Mr. MILLER. Thank you, Mr. Chairman. We have with us Mr. Thigpen, Director of the Oils and Peanut Division, Mr. William Shofner of the Price Division, and Mr. Howard Pickard of the General Counsel's Office. Among these three gentlemen that I have with me I think we can answer any questions that you would like to ask.

A question has been raised as to the validity of the action taken by the Department of Agriculture in establishing the final price-support rate for 1957 crop peanuts, in view of the requirements of section 406 of the Agricultural Act of 1949, as amended.

Section 406 provides:

The Secretary shall, insofar as practicable, announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis), but the level of price support so announced shall not exceed the estimated maximum level of price support specified in this act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support when determined, is less than the level so announced.

Mr. POAGE. May I ask a question there, since you are reading from the law? You say the maximum level of price support shall not exceed the estimated maximum level of price support specified in this act. What is that maximum level of price support specified in this act?

Mr. MILLER. Ninety percent of parity.

Mr. POAGE. That is what I thought. That is not in dollars. That is in parity.

Mr. MILLER. That is correct; yes.

Mr. COOLEY. The word "level" is used in that paragraph seven times.

Mr. POAGE. That is what I mean. In every case what the law refers to is a percentage of parity, is it not?

Mr. MILLER. Section 406 refers to the level, and the "maximum level," referred to therein means the 90 percent of parity limitation.

Mr. POAGE. It does not refer to dollars at all. All right, go ahead.

Mr. MILLER. The Department has consistently followed the view that section 406 contemplates the announcement of a dollars-and-cents level of price support for field crops in advance of the planting season, insofar as the Secretary determines this to be practicable. The legislative history of this section appears to make it clear that the intent of Congress was to confer both authority and responsibility for announcing levels of price support before planting time in terms of dollars and cents.

Mr. POAGE. That is not what the law says, though, is it? Does not the law which you just read clearly refer to a percentage of parity? The law clearly refers to percentage of parity and not to a dollars-and-cents figure, does it not?

Mr. MILLER. The section speaks of "when such level of price support is announced," "the level of price support so announced," and "level of price support when determined."

Mr. POAGE. And the maximum level of price support specified in this act is not in dollars and cents but in percentage of parity; is it not?

Mr. MILLER. The heading on the scale as read by Mr. Wingate a moment ago states that; yes, sir.

Mr. POAGE. Therefore, what you are quoting from the law refers to a percentage of parity and not to a dollars-and-cents figure; does it not? The very paragraph you read to us to support your contention refers to a percentage of parity and not to a dollars-and-cents figure; does it not?

Mr. MILLER. On the schedule as written in the act; yes, sir.

Mr. POAGE. It was written in the act as a percentage of parity and not in dollars and cents, was it not? Then how in the world can you turn around and say that it was the intent of Congress to put it in dollars and cents when the Congress clearly wrote it in percentage of parity?

Mr. PICKARD. Mr. Chairman, may I comment on that? The phrase which the Congressman is referring to is one which the Department believes cannot be given full meaning and effect unless the level of support is read to mean a dollars-and-cents level of support, for the very reason the Congressman is pointing out, that the maximum level of price support specified in the act is 90 percent of parity.

Mr. POAGE. The minimum is 75, is it not?

Mr. PICKARD. That is correct, sir. The level of price support announced in advance, if announced in terms of a percentage of parity rather than a dollars-and-cents price, could not possibly exceed the 90 percent maximum level of price support specified in the act, in the absence of a hearing by the Secretary and certain findings as provided in another section of the act. So the phrase the Congressman is referring to cannot have its full meaning unless the level is construed to be the dollars-and-cents level.

Mr. POAGE. Why can it not? You cannot get more than 90 percent with either dollars and cents or a percentage.

Mr. PICKARD. The point I am making there, Mr. Congressman, is, if the level of price support were read to mean a percentage of parity,

when the Secretary makes his announcement before planting, if the support level is announced at 90 percent of parity and not in dollars, then the Secretary could not go any higher in terms of percentage of parity at the beginning of the marketing season. However, he could if the initial announcement was in terms of dollars and cents.

Mr. POAGE. How can he?

Mr. PICKARD. If the preplanting announcement was the dollars-and-cents price reflecting 90 percent of parity at that time and, if such price was higher than 90 percent of parity at the beginning of the marketing season, then the effective level of support would be higher than 90 percent of parity at the beginning of the marketing season.

Mr. ALBERT. If parity goes up, 90 percent of a higher figure is more than 90 percent of a lower figure.

Mr. POAGE. It is still 90 percent.

Mr. PICKARD. If the level is announced before planting in terms of a percentage of parity, then it would have to be either 90 percent or some figure below 90, but not less than 75.

Mr. POAGE. That is correct. We are not advocating that you have to announce it above 90 percent. We know you could not. You cannot announce it in dollars and cents above 90 percent of parity, either, and you never have.

Mr. COOLEY. May I make one statement, Mr. Chairman? If I understand it, the preplanting announcement level is fixed, and you know that under the law you cannot lower that level. Is that right?

Mr. PICKARD. The dollars-and-cents level? Is that correct?

Mr. COOLEY. I did not say dollars and cents. You cannot lower the level. The law says plainly that when you fix the level you cannot lower it. You can increase it. I think you have read into the law something that apparently is not there. The word "level" appears seven times in that short paragraph which was just read. There is not one thing in there about the level being converted into dollars and cents.

Mr. PICKARD. Mr. Cooley, the Department has consistently interpreted and applied section 406 as meaning a dollars-and-cents level for the reason that that was the purpose of the section when put in the law.

Mr. COOLEY. Mr. Wingate pointed out in his statement that you did not do that in cotton.

Mr. WINGATE. They have never done it before in history, either.

Mr. MILLER. Mr. Chairman, could I continue reading my statement? I think it will clear up a good bit as we go along. Then we can ask questions.

Mr. POAGE. I think it is important that we have an understanding about what is here. These gentlemen say that it does this, and then they turn around and say it does not, so I do not understand what they are saying.

* * * the level of price support so announced shall not exceed the estimated maximum level of price support specified in this act. * * *

Level of price support is referred to twice in that clause. I would assume that you would use the same definition of "price support" when the words are used twice in the same sentence. I suppose they refer to the same thing and not to two different things when they

are used in the same sentence. You have admitted, have you not, that the last phrase, "level of price support," means 90 percent?

Mr. MILLER. That the maximum level of price support as written in the act means 90 percent, yes.

Mr. POAGE. You admit that this act specifies the level of price support in percentage of parity.

Mr. PICKARD. Yes; the maximum level.

Mr. POAGE. You are then contending in the same sentence the same words, "level of price support," are used to mean something else? There is no question that it means percentage of parity in the second case, is there?

Mr. PICKARD. That is correct. It is the price which reflects 90 percent of parity.

Mr. POAGE. How do you differentiate that from the first place that it is used?

Mr. PICKARD. In order to read a meaning into that last phrase, Mr. Congressman, it seems clear to us that "the level of price support so announced" clearly refers to a dollars-and-cents level because, if it meant a percentage of parity and if, for example—as has been done on previous occasions—the level of support were announced at 90 percent of parity, then that phrase would have no meaning because the maximum level would also be 90 percent.

Mr. POAGE. So what?

Mr. PICKARD. But, if the level-of-price support is announced in terms of dollars and cents before planting, then at the beginning of the marketing season that dollars-and-cents level could be higher than 90 percent of parity, and the law says that the level will not be reduced if that is the case.

The Department has consistently interpreted and applied this section since its enactment the same way. The purpose of the section, as the Department understands it and has always understood it, was to give the farmer a dollars-and-cents level to count on before he planted his crop, because percentage of parity meant very little to him. Parity could change in several months' time, but a dollars-and-cents level could not change. At least it could not go down. It could only go up or remain the same. So the farmer is able to proceed with his planting plans only if he knows the dollars-and-cents level. Percentage of parity means very little to him.

Mr. WINGATE. Could they cite one time that it has been applied before?

Mr. MILLER. Mr. Chairman, I would like to read my statement, please.

Mr. McMILLAN. Mr. Abbitt wishes to ask one question, and then we shall permit Mr. Miller to complete his statement.

Mr. ABBITT. In view of what you say, how do you reconcile your announcement of February 25, 1957, announcing the price supports, when you said in the last sentence of the fifth paragraph:

With this percent of a normal supply, support at not less than 82 percent of parity is prescribed.

You say in your announcement that 82 percent is prescribed, not less than 82 percent. You admit now that what you have is not 82 percent, do you not?

Mr. PICKARD. Are you reading from the press release?

Mr. ABBITT. Yes, your press release datelined Washington, February 25, 1957. It is the last sentence of the fourth paragraph.

Mr. SHOFNER. I would like to answer that question, if you please.

At the time the announcement was issued, February 25, 1957, the supply percentage according to the flexible formula in the act would give 82 percent of parity, but this announcement was careful not to say that a support level of 82 percent of parity at the beginning of the marketing year was prescribed. The dollars-and-cents price announced, February 25, 1957, represents 82 percent of the parity price for peanuts then current, and that is what that statement says.

Mr. ABBITT. When you said "support at not less than 82 percent of parity is prescribed," you did not mean that?

Mr. SHOFNER. It is 82 percent of the only parity price we had at that time, the then current parity price of peanuts. That may or may not be the parity price later during the year.

Mr. McMILLAN. You may proceed now, Mr. Miller.

Mr. MILLER. The last paragraph on the first page I think is where I stopped.

The present section 406 had its beginning as the result of a situation existing under provisions of the Agricultural Act of 1948; this act did not prohibit forward pricing—the advance announcement of the level of support in terms of dollars and cents—but such a procedure would have been impracticable because of that provision of title II (of the Agricultural Act of 1948) which imposed a maximum level of support of 90 percent of parity for the commodity as of the beginning of the marketing year or season. In this situation any forward price announcement necessarily was required to be restricted to a level which was certain not to exceed 90 percent of the parity price as of the beginning of the marketing year or season. As a result of this situation a provision was included in the Agricultural Act of 1949, as it originally was introduced in the Congress, which was designed to permit the announcement of dollars-and-cents prices which would not need to be reduced, even though later it was determined that such prices exceeded 90 percent of parity. In reporting out the bill on October 19, 1949, the conference committee changed this provision, and the language as they changed it now constitutes the exact provisions of section 406 quoted above.

The report of the House conferees (H. R. 1459, 81st Cong., 1st sess. (1949), p. 18), contains the following statement:

The bill provides for forward pricing and directs the Secretary of Agriculture, insofar as practicable, to announce the level of price support for field crops in advance of the planting season and for other agricultural commodities in advance of the beginning of the marketing season. The level of price support so announced may not exceed 90 percent of the estimated parity price, but in no event shall the level of price support so announced be reduced if the level provided in the schedules in the bill is less than the level so announced.

The words "insofar as practicable" were included in this section so as not to preclude the Secretary from providing price support in instances where no announcement was made prior to the planting or marketing season. For example, situations might arise under which conditions might not have warranted the announcement of a price-support program with respect to a nonbasic agricultural commodity until after the planting season or the beginning of the marketing season had passed. This provision would permit the Secretary to provide price support for such a commodity even though he had made no announcement prior to the planting or marketing season.

In addition, Congressman Pacc, in explaining the provisions of the bill on the floor of the House, made the following statement:

If practicable, that is, if he—
meaning the Secretary—

has the information as to the approximate acreage to be planted, and the average yields in the past, or other means of estimating the anticipated yields, the Secretary must announce to the producers the support price before planting time. After being so announced to the producers the support may not be reduced. That, of course, is a matter of great importance to producers, in order that they may know before they pitch the crop what the support level will be.

On the basis of the above background and legislative history it is apparent that the provisions of section 406 are intended to be met through announcement of the price-support level expressed in dollars and cents rather than as a percentage of parity. That portion of the provision reading—

* * * and the level of price support so announced shall not be reduced if the maximum level of price support, when determined, is less than the level so announced—

can only have full meaning and effect if the announced level of price support is expressed in dollars and cents rather than as a percentage of parity.

If the price-support level were expressed only in terms of a percentage of parity the producer would not have available to him a specific price guaranty below which the support level would not or could not fall. The parity prices of commodities vary up and down from month to month; to minimize the effect upon producers of this variation, the Department has furnished the producer with the price-support level expressed in dollars and cents, and has told him in advance of planting time that this is the minimum price he can expect to receive under the price-support program. The producer understands this specific dollars-and-cents price guaranty; he may not understand nearly so well a guaranty expressed as a percentage of parity—for at best parity is a rather complex concept.

With respect to peanuts, the 1957 crop peanut price support level was announced by the Department on February 25, 1957. A copy of this announcement is attached. The announcement stated in part that—

* * * price support on 1957 crop peanuts will be available * * * at a minimum national average level of \$221.40 per ton. This minimum support price, which is 82 percent of the January 15, 1957, effective parity price of \$270 per ton, will be adjusted upward at the beginning of the marketing year (August 1) if at that time the effective parity price or a change in supply from that now estimated results in calculation of a higher support price in accordance with price-support legislation.

It is clear, therefore, that the minimum level of price support announced by the Department in advance of planting was not 82 percent of parity at the beginning of the marketing year, but was \$221.40 per ton.

An identical procedure was followed in connection with the 1956 crop of peanuts. The first press release issued in connection with this program, dated April 24, 1956, stated that—

* * * price support on 1956 crop peanuts will be available by means of non-recourse warehouse storage loans to grower associations, and nonrecourse farm storage loans to producers, at a national average minimum level of \$223.60 per ton. This average minimum support price, which is 86 percent of the March 15, 1956, effective parity price of \$260 per ton, will be adjusted upward at the beginning of the marketing year (August 1) if at that time the effective parity price

or a change in supply from that now estimated results in calculation of a higher support price in accordance with price-support legislation.

On August 1, 1956, the Department announced the final level of price support for 1956 crop peanuts at \$227.04 per ton, representing 86 percent of the August 1, 1956, parity price. In arriving at the final support level, however, the Department recalculated the supply percentage based upon the latest available statistics; these calculations resulted in the same level of price support, expressed as a percentage of parity; namely, 86 percent. However, such recalculation might have resulted either in a lower percentage or a higher percentage. The same recalculation made with respect to the 1957 crop resulted in a smaller support percentage (75 percent as compared with 82 percent of parity), but the support price was not decreased correspondingly because of the advance dollars-and-cents announcement.

The Department consistently has announced support-price levels for basic commodities, and other commodities, in terms of dollars and cents, for each production year, beginning in 1951. This covers the entire period since approval on October 31, 1949, of the relevant provision (sec. 406) of the Agricultural Act of 1949, as amended, with the exception of the 1950 production year.

In 1950 the first announcement of support-price levels for basic commodities was made, in terms of a percentage of parity, on June 27, 1950; this announcement covered all basics except tobacco, and the announcement for some types of tobacco was made beginning on July 12, 1950. You may recall that legislative provisions then in effect required the mandatory support of 1950 crop basic commodities at 90 percent of parity; however, the delay in making any announcement in the level of support was due to the feeling that adequate funds were not available to carry out the program. This situation was remedied on June 28, 1950, with the passage of legislation increasing the borrowing authority of the Commodity Credit Corporation by \$2 billion.

The Department sometimes has supplemented its preplanting support-price announcement by expressing the price-support level as a percentage of parity, in addition to the dollars-and-cents announcement. For example, this occurred for peanuts during the 4 years 1952 through 1955. During 2 of these years, however, 1953 and 1954, price support was mandatory at 90 percent of parity. With respect to the 1952 crop of peanuts, price support was mandatory within the range of 75 to 90 percent of parity. However, the calculation of the supply percentage made in order to announce a support price in advance of planting, indicated a support level of 87 percent of parity. In this situation, and in consideration of conditions resulting from actions in Korea, the Department chose to announce that 1952 peanut production would be supported at \$239.40 per ton, but not less than 90 percent of parity at the beginning of the marketing year.

The Department's price-support actions with respect to peanuts have been forthright and clear. For example, in arriving at the support price applicable to 1951 crop production, for purposes of an announcement prior to planting time, the supply percentage was calculated as 110.8 on the basis of information and statistics then available; this supply percentage would represent a support-price level of 88 percent of parity under the schedule provided in the act, and 88 percent of the parity price then current amounted to \$230.56

per ton. Consequently, the Department's preplanting announcement of May 4, 1951, indicated a minimum average support rate, not of 88 percent of parity as of the beginning of the marketing year, but of \$230.56 per ton of farmers' stock peanuts of all types. It was felt that if there were a larger than usual carryover at the beginning of the 1951 marketing year, or if other factors were different than anticipated, the supply percentage of as August 1, 1951, may result in a minimum support level of less than 88 percent of parity.

In its final announcement of the support price for the 1951 crop of peanuts, made August 9, 1951, the Department confirmed its earlier position by stating that—

* * * the average support level (\$230.56 per ton) reflects 88 percent of the parity price (\$262 per ton or 13.1 cents per pound) as of the beginning of the marketing season on August 1. The average support price announced today is the same as the minimum average support price announced on May 4, 1951. At that time, the Department stated that the minimum support level would prevail unless a changed supply position or a higher level of parity as of the beginning of the marketing year made a higher support level mandatory. Since neither of these conditions have developed the average support level remains the same as was announced earlier.

Comparable actions to those for peanuts have been taken in establishing the preplanting and final price-support rates for other basic commodities during the period beginning in 1951. Our examination of actions taken during this time indicates that the final support price, in dollars and cents, sometimes has been higher than the preplanting announcement. For example, with respect to 1957 crops, the final support price for cotton is approximately two-thirds of a cent per pound, and for rice is 29 cents per hundredweight, higher than preplanting announcements; these increases were due to the combinative effect of (a) recalculations of the supply percentages under the flexible formula, and (b) increases in parity prices. For 1956 crop rice the final support rate was 7 cents per hundredweight higher than the preplanting announcement, by virtue of price support at 82.5 percent of parity.

On the other hand the final support price for rice during the 4 years preceeding 1956 was identical with the preplanting announcement in dollars and cents, but such price was higher in each case than it would have been had it been based upon a preplanting announcement expressed only as a percentage of parity. Likewise, during each year of the same 4-year period in the case of flue-cured tobacco, the preplanting support-price announcement expressed in dollars and cents, maintained the final support rate higher, by from two-tenths to nine-tenths cent per pound, than it would have been if the preplanting announcement were expressed only as a percentage of parity. An identical situation existed for other principal types of tobacco including burley, fire-cured, and dark air-cured types.

That last statement is not as clear as it should be. It indicates that if we maintain our price-support levels expressed only in terms of percentage of parity, the prices in dollars and cents reflected to the producer can in certain instances go down as well as go up.

If it is expressed in terms of dollars and cents, according to the law it cannot be decreased.

Mr. COOLEY. The law clearly says that you shall make your announcement in percentages of parity, and it clearly states that once having made the announcement you cannot decrease that.

Mr. Wingate's statement clearly indicates that while you announced it at 82 percent of parity, and gave a price which was reflected by the parity, the supply situation has changed and the result of that announcement of 82 as a result of the changed situation, the 82 percent of parity has been changed and is now lower than 82 percent of parity.

Mr. MILLER. Our announcement of support level was announced in dollars and cents, which reflected 82 percent of parity at the time of the announcement.

Mr. COOLEY. You have the cart before the horse. The law states you should announce a percentage of parity and let it be reflected in dollars and cents. You are announcing dollars and cents and reflecting it in parity.

Is that not the situation?

Mr. WINGATE. How could he find out in dollars and cents before getting the percentage of parity?

Mr. COOLEY. That is right.

Mr. MILLER. We use percentage of parity as a vehicle of determining price support in dollars and cents.

Mr. COOLEY. Under the law you should maintain the 82 percent of parity regardless of what happens thereafter. You cannot lower that.

If circumstances thereafter change, it may be that that 82 percent of parity would reflect a higher price at a later date under changed circumstances than it did when you first announced it.

Mr. MILLER. And lower possibly, too.

Mr. ALBERT. If you had a depression and the parity level goes down, then the price support can go down.

Mr. MILLER. It could if expressed in percentage of parity.

Mr. COOLEY. He must maintain 82 percent of parity.

Mr. SHOFNER. 82 percent of parity might be lower in dollars and cents.

Mr. COOLEY. The law says you cannot change it once announced. You state here at the bottom of page 5 that the Department sometimes has supplemented its preplanting support-price announcement by expressing the price-support level as a percentage of parity, in addition to the dollars-and-cents announcement. For example, this occurred for peanuts during the 4 years 1952 through 1955.

Mr. MILLER. That is right. In two of those years support was required to be 90 percent of parity.

Mr. COOLEY. You are confusing the picture. You have already taken us away from 90 percent of parity. We are not concerned about that now.

Mr. MILLER. Yes, sir. We are talking about the requirement that year that it be at 90 percent of parity.

Mr. COOLEY. What is your answer to the clear-cut charge made by Mr. Wingate, who apparently has given the matter considerable thought, that you did announce 82 percent of parity but at the present time it is less than 82 percent of parity?

Mr. MILLER. We interpret section 406 to be a guaranty to the producer that he will receive at planting time a minimum price for his commodity.

The intention of section 406 is that a producer, knowing what his minimum dollars-and-cents return for his production will be, can plant with assurance accordingly.

In the first place parity is rather confusing to almost any of us, I think. Certainly supports are confusing to the producer—if his guaranty is expressed to him only in a percentage of parity. It is rather hard for him to formulate his preplanting plans on such an expression or guaranty.

As I pointed out later in the statement, it would be, as far as his return is concerned, rather an ambiguous guaranty if the price index should fall and he would receive less money than he calculated, if he were able to calculate how much his dollars-and-cents support would be from the preplanting announcement.

Mr. COOLEY. That is your opinion. Where do you find any provision of law to support that statement? You are reading something into the law which apparently is not there.

If 82 percent is announced you cannot change it downward.

Mr. MILLER. The percentage downward if it is announced as a percentage; yes, sir.

Mr. COOLEY. If the situation substantially changed thereafter, the price might go down but you still cannot change that 82 percent level.

Mr. MILLER. But the dollars and cents could go down.

Mr. COOLEY. Mr. Wingate figures it out as 81.4 percent. In other words, that is 6 points of parity below your original announcement.

Mr. MILLER. Six-tenths of a percent.

Mr. COOLEY. You cannot justify that when the words "level of support" are used seven times in that paragraph and nothing said about dollars and cents.

Mr. Wingate, under the present situation the peanut growers are receiving 81.4 percent instead of 82 percent?

Mr. WINGATE. That is right, sir.

Mr. ABBITT. You announce the full price was to be \$221.40?

Mr. MILLER. Yes, sir.

Mr. ABBITT. Let us assume that was 75 percent of parity. Suppose you had this drop now. What would you do?

Mr. MILLER. If we are announcing—and we are announcing—the support price in terms of dollars and cents, the \$221.40 so announced would stand as a minimum.

Mr. ABBITT. Do you have a law saying you have to support them at 75 percent of parity?

Mr. MILLER. Seventy-five to ninety.

Mr. ABBITT. What would you do? Would you have to increase it up to the 75 if the price has fallen?

Mr. SHOFNER. We would increase it to wherever the support was required under the flexible formula, within the 75 to 90 percent range.

Mr. COOLEY. That proves what Mr. Wingate says to be correct. Mr. Abbitt says if it drops below 75 you have to put it up. If it goes below 82 you have to put it back to 82.

Mr. SHOFNER. If the support level in dollars and cents reflected less than the appropriate percentage of parity support called for under the flexible formula the dollars-and-cents level would be increased accordingly. You have no similar safeguard if the support is announced as a percentage of parity only.

Mr. COOLEY. What Mr. Abbitt has demonstrated clearly is this: If the price should drop below 75 percent of parity you would have to push it back to 75.

Now Mr. Wingate says that, having announced it at 82, if the price drops below 82, you have to push it back to 82.

Mr. ABBITT. We are talking about the level of support and not dollars and cents.

Mr. COOLEY. You admit here now that the peanut growers get only 81.4 percent and you intended them to get 82 percent.

Mr. SHOFNER. The Department's position as indicated in the statement is this: It is based upon the growth of this legislation and this particular provision.

The Agricultural Act of 1948 permitted us to announce a forward price, a price in advance. The 1948 act had a provision, however, which said the support level could not be in excess of 90 percent of parity at the beginning of the marketing season. This necessarily compelled the Department to hold the price in any preplanting announcement of the support level sufficiently low to insure that such price would not exceed 90 percent of parity at the beginning of the marketing season.

That led to the development of this specific language and some of the explanation contained in Mr. Miller's statement. Obviously if the preplanting support price announcement were to be expressed in percentage of parity only, and the law said the percentage could not exceed 90, there would be no occasion to announce a level in excess of 90.

That is part of the reasoning the Department went through.

Mr. WOOLLEY. Is this a fair statement? That actually what you have done is this: You have taken what was intended, what you thought was intended, in order to not reduce the dollar-and-cents level of price support, but in so doing you have actually gone against the clear language of the act itself in lowering the percentage of parity.

In other words, you are actually in the position where you cannot lower the dollars and cents and you cannot lower the level of the announced price support. This is the position you got yourself into by assuming and by interpreting the law to mean what was said in the legislative history but which the language of the law does not support. Is that not what you have actually done?

Mr. PICKARD. I do not find that anywhere in section 406. The language is ambiguous, and that is the reason the Department has gone back to the legislative history.

Mr. WOOLLEY. But by taking the language "level of price support" as specified in the act, and the only thing specified in the act is not dollars and cents but percentages, you have, by trying to repair this one ambiguity by going to a price announcement, put yourself in a position where you had two ratchets behind you going down. You had the ratchet of dollars and cents and you had the ratchet of level price support, so you were against both of them, whatever happened. That is what you have worked yourself into.

Mr. PICKARD. Are you saying section 406 means that the Secretary must announce the level of price support in advance both in terms of dollars and cents and in terms of percentage of parity?

Mr. WOOLLEY. I didn't say that section 406 said that but I said the combination of your interpretation of it in order to give effect to not going below 1 dollar and cents, then you assumed that. I think your assumption was correct that that is what was intended.

But at the same time the language of the act is such that you cannot construe it so that you can lower the level of price support as such, and the level of price support is announced in the act as a percentage

of parity, so by your interpretation you put yourself two limitations, whereas actually you were in the position where you could have set a level of price support and then, if the level of price support went down in terms of dollars and cents, you could have lowered it. The minute you did that, though, you knew good and well that Congress would turn around and repair that language to say not only could you not lower the percentage of price support, but you could not lower the dollars and cents.

Mr. ALBERT. That is exactly what we wanted.

Mr. WOOLLEY. I think everybody that knows the legislative history involved in this question knows that if you had done what I said it would have taken just a very brief interval of time for the Congress to have repaired any misunderstanding that occurred on that, and you would have had the net effect of what I am talking about.

I think your actions put you in that position.

Mr. ABBITT. Would you care to make a statement?

Mr. THIGPEN. The less I say the better, I imagine. This is speaking of interpretation of a law. I think you have good legal talent on both sides. I don't know which one a court would say would be right.

Mr. COOLEY. Let me sum up my thinking. Are you not in this position: You announced 82 percent price support and now you have given the farmers 81.4?

Mr. THIGPEN. I think the Department announcement perhaps could have been phrased in this way: That the minimum support would be not less than \$221.40. The parity level would be determined later. Whether you could make an announcement that way I don't know.

As a practical matter, I don't know whether the interpretation can be one or the other.

I do have the understanding, from a practical standpoint, that the dollars-and-cents announcement was desired and intended by this particular legislative action. Some of us think back to conditions we had in prior years which was the basis for the action.

Mr. ALBERT. Have you ever before reduced the percentage level? Mr. Wingate has been living with this closely.

Mr. SHOFNER. As it happens this is the first case, certainly with respect to peanuts, since section 406 was enacted, where this exact combination of figures comes together.

We went through identically the same procedure, however, this year as was gone through for peanuts last year. It happened that in recalculating the supply percentage which applied for the 1956 crop, under the flexible formula, the calculation gave exactly the same percentage of parity support as the earlier calculation did.

As indicated in Mr. Miller's statement, it might have been higher or lower. Had it been lower, the situation we have this year would have occurred last year.

There have been 3 occasions in the case of peanuts in the last 7 years where the parity price at the beginning of the market year was higher than it was at the time the preplanting announcements were made.

Mr. POAGE. Have you ever done this for any commodity?

Mr. WOOLLEY. Has the Department of Agriculture in any instance lowered either the dollar-and-cents level of price support or the announced percentage level of price support? Have they ever done so in any other case?

Mr. SHOFNER. The dollars and cents announced level has never been lowered. The percentage of parity level reflected by the dollars and cents announced level has not been lowered, not for a basic commodity simply because the application of calculating anew the supply percentage, combined with changes in parity, have not brought that situation into being.

Mr. WOOLLEY. That situation never has been brought into being in any other instance?

Mr. SHOFNER. That is right, for basic commodities during the time of this act.

Mr. POAGE. Right there we get to what I believe is the crux of this thing. I know we cannot settle it.

However, I think it is a deliberate intention to destroy the peanut program. We have found time and again here, both in the Congress and in the Department, an effort to destroy any support for peanuts.

We find that the Department sets the supports for peanuts as low as they can. We find the Department then comes along and decides they will not let the peanut men participate in the soil bank program, although certainly if you were looking for the intent of Congress you know the intent of Congress was that the peanut man should participate in the soil bank along with everybody else, but you deny him that right.

Can you point to one single thing where there might have been any question about the law where you resolved it in favor of a peanut grower?

Mr. SHOFNER. I would like to state——

Mr. POAGE. In the last 4 years has there ever been one instance where you resolved any doubt in favor of the peanut grower?

Mr. PICKARD. I understand Mr. Poage's implication to be——

Mr. POAGE. No implication; I am saying it.

Mr. PICKARD. Mr. Poage is saying the Department has deliberately interpreted section 406 so as to reduce the support for the peanut grower.

Mr. POAGE. That is exactly right.

Mr. PICKARD. On January 6, 1950, the then Solicitor W. Carrol Hunter addressed an opinion to Mr. Ralph S. Trigg, Administrator of the old Production and Marketing Administration, Opinion No. 5470, and made reference to a memorandum of December 23, 1949, inquiring as to the views of the Solicitor's Office on the question of whether section 406 of the Agricultural Act of 1949 required the announcement of a dollars-and-cents support level for cotton in advance of the planting season.

In that opinion the Office expressed the view that section 406 of the Agricultural Act of 1949 contemplates the announcement of a dollars and cents level of price support for cotton and other field crops in advance of the planting season, insofar as the Secretary determines this to be practicable.

In arriving at that view the office discussed the legislative history of the act and the basis for the passage of section 406. It pointed out that, under the Agricultural Act of 1948, while forward pricing in terms of the dollars and cents level was not prohibited, it would have been impracticable because of the provision which imposed a maximum level of support of 90 percent of parity for the commodity.

Therefore, any forward pricing under the 1948 act would have had to be restricted to a level which was certain not to exceed 90 percent of the parity price as of the beginning of the marketing year.

In order to correct this situation, the Agricultural Act of 1949 contained a provision which ultimately became section 406 of the act of 1949.

In that opinion the Solicitor pointed out that the phrase in section 406 which states that the level of price support so announced shall not be reduced if the maximum level of price support when determined is less than the level so announced, could have meaning and effect only if speaking of a dollars-and-cents level, because a dollars-and-cents level equivalent to 90 percent of parity was the maximum level, and 90 percent of parity could never be less than 75 to 90 percent of parity.

Therefore in 1950 the Solicitor's Office expressed that very clear-cut opinion.

Mr. POAGE. You ought to do both. Announce it in both parity and dollars and cents and you should not go below either one. You have two ratchets there as Mr. Woolley says.

Mr. MILLER. I would like to go back to the comment made by Mr. Abbitt a few moments ago.

There could be situations where, because of our announcement and because of the change in the supply percentage, where our announced figure could be less than 75 percent of the support price.

You asked me what we would do should that happen.

I think the reverse of that is perfectly logical, also. We could be in a position where our preannounced level of price support could be in excess of 90 percent of parity and we could not do what you suggest, Mr. Poage, if we are going both ways. We could not go both ways at once.

We could have a dollars-and-cents price announcement made at a preplanting time that could in certain events be in excess of 90 percent of parity on the topside.

Mr. POAGE. Then you cannot reduce it.

Mr. MILLER. It would be impossible to go both ways. So what is true on the lower end of the support side would also be true at 90, the upper level.

Therefore the Department has felt those conflicts—and that is what you were talking about, Mr. Woolley, those conflicts. We are attempting, as Congressman Cooley said, probably to read into the law some things that were not spelled out clearly in the act, and we were trying to reach a logical conclusion.

Mr. POAGE. I am not kicking about your reading that into the law because perhaps it was intended. We are kicking about your reading out of the law what is plainly in the law.

I have no objection to your reading another ratchet in there, in fact, I am in favor of it.

The law has a ratchet in there that is in plain language, and that is you cannot reduce that level of price support which under the law is expressed in percentage of parity.

Mr. COOLEY. They have admitted they have lowered that 82 to 81.4.

Mr. MILLER. As a percentage of parity, the final support price is lower.

Mr. POAGE. The law prohibits that. It was the intent of Congress they should not lower the announced dollars and cents figure, either. There might be some question about whether that is plainly spelled out in the law. That was the intent of Congress.

There is no objection to your reading that into the law, too. But when you come up with it you come up with two ratchets. Instead of substituting a ratchet I am willing for you to add another one. But you take away the ratchet clearly defined in the law and put in another one that you think should be there, and I agree it should be, but I am kicking about the fact you are taking away what is clearly in the law.

Mr. WINGATE. With reference to the ruling made, I think that makes it perfectly clear. There was no question about whether your percentage should be in there. The question was whether we should go ahead and announce the price, too, at the same time. That is what they have done and that is what Congress intended.

There never was a question of whether or not the level of percentage should be announced. The question was whether we should announce the price at the same time.

Mr. COOLEY. That could be corrected by a modification of the existing order?

Mr. WINGATE. Yes.

Mr. COOLEY. Couldn't the Department correct it and state the price does not reflect 82 percent but 81.4, and therefore they change it to 82 percent, and the price will be thus and so?

Mr. WINGATE. That is what we hoped they would do.

Mr. SMITH. It is never too late to correct an injustice.

Mr. McMILLAN. What do the Department officials feel they can do to correct this situation at this late date?

Mr. COOLEY. They haven't shaken a bush yet.

Mr. MILLER. The support price on peanuts is \$221.40 per ton. That is according to the minimum level announced at preplanting.

Mr. COOLEY. Can you correct the situation?

Mr. MILLER. Legally I suppose we could.

Mr. PICKARD. The Secretary has discretionary authority to go up as high as 90 percent of parity.

Mr. COOLEY. Can he go to 82?

Mr. WOOLLEY. Is this not one of the questions you face under the circumstances: You have tried to set up a single standard here instead of having a dual standard?

Mr. MILLER. The law provides for it.

Mr. WOOLLEY. In your explanation about the 75 and the 90 you run into the proposition that you have a double-barreled effect there which you recognize.

You are attempting to set up a single standard to solve this apparent dilemma.

In establishing that, do you think there is any language in here which would support a contention on the part of the Comptroller General, for example, that you were not justified in raising the price support to the percentage level? In other words, do you think the Comptroller General could use this and criticize you for raising the support level from 81 to 82 percent of parity?

Mr. PICKARD. No; because the Secretary has discretionary authority to go up to 90 percent.

Mr. WOOLLEY. Then you really have no real dilemma outside of the question of revising the announced position of the Department of Agriculture on this point. Is that right?

Mr. MILLER. The Secretary has the discretionary authority; yes.

Mr. WINGATE. That is what we hoped would be done.

Mr. THIGPEN. It seems you have here a difference of opinion. There is probably room for difference of opinion.

I do think that in the particular instance the Department made its announcement on a straightforward basis and it followed through on a straightforward basis.

With the interpretation made by the Office of the General Counsel, the Department has acted in what it thought was the right way.

Mr. WOOLLEY. One more point on interpretation. I do not think the solicitors of the Department in 1950 could actually have arrived at any other decision on a practical basis as to the proposition of announcing it on a dollars-and-cents level. The mistake was made in concluding from that that you could avoid the consequences of the percentage of parity level.

I don't think there is anything that warrants the interpretation you can avoid that.

Mr. McMILLAN. Couldn't the Secretary amend his regulation?

Mr. MILLER. Do I understand, then, your suggestion is that the limitations be placed on the lesser of the 2, or the greater of the 2?

Mr. POAGE. The greater of the two.

Mr. MILLER. What do we do when we hit 90 percent?

Mr. POAGE. You will still use the greater of the two.

Mr. ABBITT. You won't have to worry about 90 percent.

Mr. MILLER. Such a situation could happen.

Mr. McMILLAN. Mr. Parker, do you care to make a statement?

Mr. PARKER. I have no prepared statement. I think the position of the Grange will be this: The level of parity provided in the basic provision must be inviolate, and therefore——

Mr. POAGE. That is a percentage of parity.

Mr. PARKER. That is right. I think that is the only proper construction.

Mr. McMILLAN. I believe you were counsel for this committee when that law was written?

Mr. PARKER. That is right. I have not had a chance to examine this particular question in detail but I do not think there is any question but what the percentage of parity specified required that the statute must be observed.

Mr. GRANT. I hope it will be in order to ask the Secretary to review this whole situation and see if we cannot arrive at a satisfactory agreement.

Mr. McMILLAN. Mr. Abbitt, do you have anything to add to at this time?

Mr. ABBITT. I am sorry Mr. Raleigh could not be here but he had a matter he had to attend to today. He called me and asked me to express his interest in the matter.

He said it was his understanding, as it is mine, that the level of support and the percentage of support once that was announced could not be lowered. That was his position.

I think that was the intent of Congress when the law was passed, and I think it is plainly written into the law.

I feel what should be done is that peanuts should be supported at 82 percent of parity as announced in the February announcement from the Department.

That announcement is clear and it sets out the price of what 82 percent of parity was.

However, it states that the support should not be less than 82 percent of parity.

Mr. GRANT. One further word, Mr. Chairman: I will make a motion that the chairman of the subcommittee and the chairman of the full committee take this up formally or informally, in whatever manner they think best to achieve the results, with the Secretary, and ask them to review this whole thing with the object in mind of giving relief.

Mr. COOLEY. It seems to me we have taken it up with the Secretary right now.

If we take it up with the Secretary he will pass the ball back to these gentlemen.

In view of these admissions in the record to the effect that you announced 82 percent of parity and now under the present situation the farmers would receive only 81.4 percent of parity, that all you would have to do is to say that upon review of the present situation you are correcting the situation and providing for 82 percent. Let the price go up. It amounts only to \$1.64 a ton.

It seems to me the Department would be glad to do that rather than subject the Department and those in charge of the program with having broken faith, being accused of having broken faith, with the farmers.

Mr. PICKARD. I don't believe the Department admitted that it announced the support level would be 82 percent of parity. The announcement was \$221.40 per ton.

Mr. POAGE. If you didn't do it you didn't comply with the law.

Mr. COOLEY. Show me one word in the law which gives you the right to ignore the several references to levels of support in that section we read. Unless you admit Mr. Woolley was right a moment ago then you have to admit you completely ignored the law.

Mr. PICKARD. I wanted to clear up the record, that the Department did not admit that the 82 percent of parity was the announced support price.

Mr. COOLEY. You are admitting it now.

Mr. POAGE. If he did not announce 82 percent of parity they didn't make an announcement in conformance with the law.

Mr. MILLER. The level of support was announced but not as a percentage of parity.

Mr. POAGE. In the same sentence you read, and you admitted in this record, level of support as referred to in this act relates to the 90 percent and the 75 percent and it cannot relate to anything except percentage of parity, and it does not relate to any dollars and cents but to a percentage of parity.

Mr. COOLEY. Further they admit the announced price was 82 percent of parity.

Mr. MILLER. No, sir.

Mr. POAGE. What percentage of parity was it?

Mr. SHOFNER. 82 percent of the parity then current.

Mr. MILLER (reading):

This minimum support price, 82 percent of the 1957 parity price—

Mr. POAGE. Go ahead.

Mr. MILLER (reading):

The United States Department of Agriculture today announced that the price support for 1957 crop peanuts will be available by means of nonrecourse loans to grower associations, and nonrecourse farm storage loans to producers, at a minimum national average level of \$221.40.

Mr. COOLEY. Read the next sentence.

Mr. MILLER (reading):

This minimum support price, which is 82 percent of the January 15, 1957, parity price—

we said a minimum national average of \$221.40 per ton.

This minimum support which is 82 percent of parity as of January 15, 1957.

We do not admit we made any announcement that the level of support on peanuts for 1957 will be 82 percent of parity.

Mr. COOLEY. You said it is 82 percent.

Mr. PICKARD. Of the January 15 parity.

Mr. COOLEY. You take the position that you clearly and deliberately ignored the language of section 406.

Mr. ABBITT. Ask him what he meant by the last sentence in the fifth paragraph where he states:

With this percentage of the normal supply, support at not less than 82 percent of parity is prescribed.

Mr. COOLEY. You did prescribe it.

If you do not want to do this thing right and do not want to act reasonably about it, there is one place we can go, and I imagine that is to the Comptroller General for some sort of interpretation as to whether you are right or wrong.

Mr. MILLER. You stated a moment ago that you presumed we would contact the Secretary of Agriculture. I would like to report upon our hearing to the Secretary.

I asked a question a moment ago if this committee was asking the Department to announce a minimum of support levels, a support level at the maximum of either the percentage of parity or dollars and cents in this case.

Mr. PICKARD. For the 1957 crop of peanuts.

Mr. MILLER. We would like to know whether this committee is asking the Secretary of Agriculture to consider such a move with respect to all commodities that are similarly priced here because this cannot be confined to one commodity but all of the crops.

Mr. COOLEY. We are asking you to use both of the ratchets we are talking about.

Mr. MILLER. Or the announced price, whichever is greater.

Mr. POAGE. I move the chairman be requested to instruct the Secretary of Agriculture that it is the sense of this committee that it is the duty of the Secretary to announce a level of support prices in percentage of parity; that it is the feeling of the committee he should also announce a level of support prices in dollars, and having done so he has no right under the law to reduce either one.

Mr. COOLEY. That simplifies it.

Mr. MILLER. For all commodities?

Mr. POAGE. For the six basic commodities.

Mr. COOLEY. Off the record.

(Discussion held off the record.)

Mr. McMILLAN. I have Mr. Wallace here from my district. Have you anything to say on the subject of peanuts

Mr. WALLACE. I certainly enjoyed attending the hearing. It is very interesting and educational to me. I am proud we have a Congressman who is chairman of this fine committee.

Mr. McMILLAN. Mr. Wallace is chairman of the agriculture sub-committee in the State senate in my State.

Mr. ABBITT. We are proud of your Representative in Congress. He has done a fine job and we are all proud of serving with him.

Mr. McMILLAN. I believe Mr. Wallace also has the only peanut allotment in my district.

Does anyone care to make additional remarks on this subject?

Mr. FORRESTER. Down where I live we are threshing peanuts now. We need action now, so it is important that this be done right away.

Mr. POAGE. Before we adjourn I would like to call attention again to the Department and the committee to what we conceive to be the grossest kind of injustice against the peanut growers of the Southwest in sending your Georgia peanut growers out there and financing them and making them an operation to support the price of peanuts in the Southwest in direct conflict with every other policy of the Department in every other commodity and in every other section.

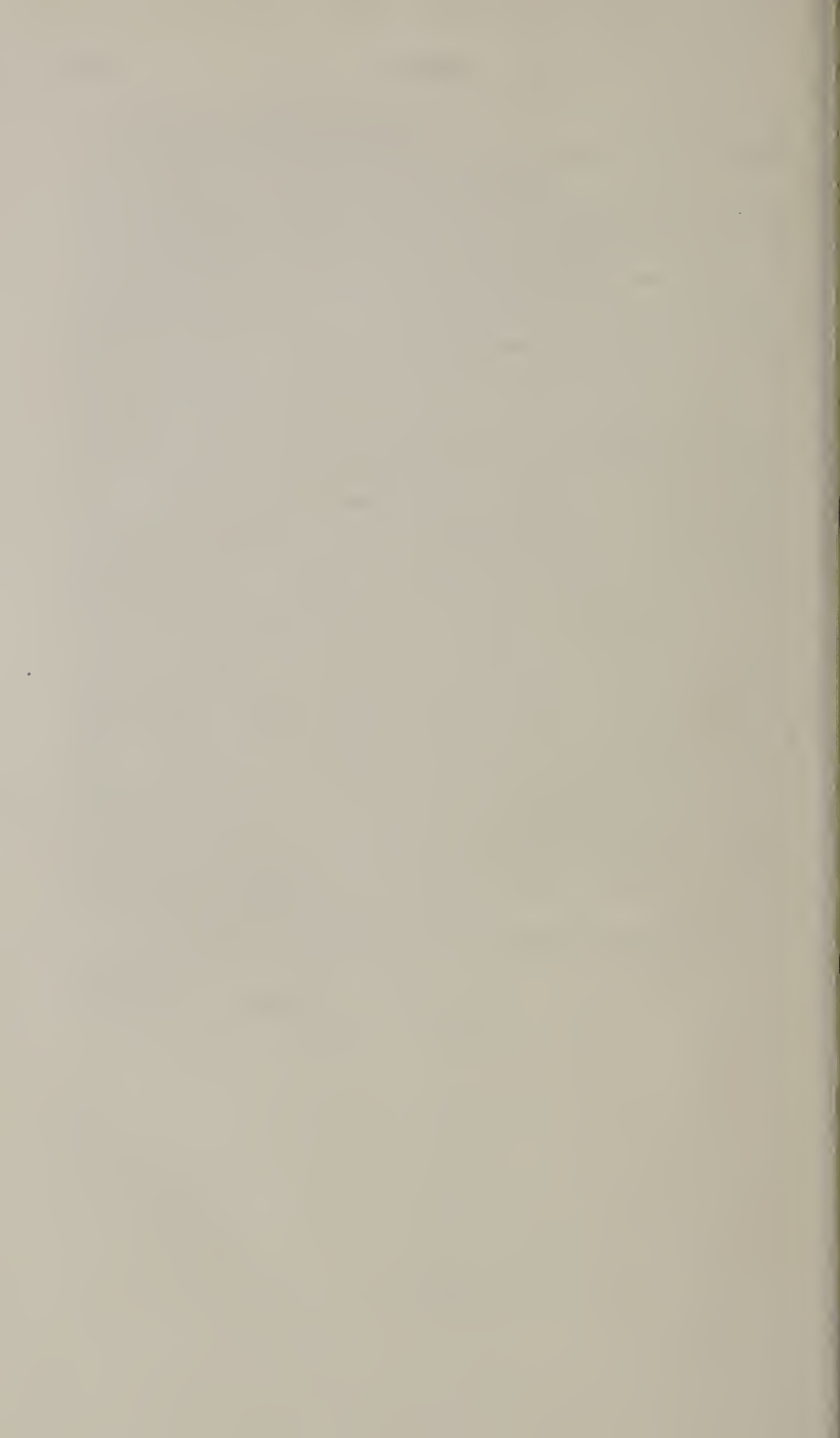
There is not another section of the United States where the Department encourages a multitude of support organizations; there is not another commodity in which they encourage it. When it comes to peanuts in the Southwest they send a Georgia corporation out there and it hasn't a single member in the Southwest. They tell us it is now a cooperative. It hasn't a single member in the Southwest and has no obligation to anybody except to try to make money from us.

They unload it on us and tell us it shall be one of the sponsored agencies to support the price of peanuts in the Southwest.

We ask for the same treatment accorded everybody else. We have not had it and we feel we are being mistreated. We feel because it is peanuts the Department is willing to see our peanut marketing agency in the Southwest go to the dogs.

Mr. McMILLAN. I appreciate your coming down to help us out, gentlemen. I hope you will go back and try to comply with our request.

(Committee adjourned at 11:50 a. m.)



IN THE SENATE OF THE UNITED STATES

January 11, 1871.

Mr. TAYLOR, from the Committee on Finance, reported, with amendments, a bill for the relief of the estate of John C. Taylor, deceased, and for the relief of the estate of John C. Taylor, deceased, &c.

A BILL

To amend the Act of June 11, 1866, in relation to the collection of the duties on the importation of certain goods, and to amend the Act of June 11, 1866, in relation to the collection of the duties on the importation of certain goods, and to amend the Act of June 11, 1866, in relation to the collection of the duties on the importation of certain goods, &c.

85TH CONGRESS
1ST SESSION

S. 609

IN THE SENATE OF THE UNITED STATES

JANUARY 14 (legislative day, JANUARY 3), 1957

MR. ELLENDER (by request) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the last sentence of section 1 of the Act of June 24,
4 1936 (chapter 745, 49 Stat. 1898; 7 U. S. C. 951), is
5 amended to read as follows: "All reports shall be submitted
6 monthly in each year, except as otherwise prescribed by the
7 Secretary."

8 SEC. 2. Section 2 of said Act, as amended (49 Stat.
9 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

1 SEC. 3. Section 3 of said Act, as amended (49 Stat.
2 1899; 52 Stat. 349; 7 U. S. C. 953), is renumbered section
3 2 and is amended to read as follows:

4 "It shall be the duty of each warehouseman, broker,
5 cleaner, sheller, dealer, growers' cooperative association,
6 crusher, salter, manufacturer of peanut products, and owner
7 other than the original producer of peanuts to furnish reports,
8 complete and correct to the best of his knowledge, on the
9 quantity of peanuts and peanut oil received, processed,
10 shipped, and owned by him or in his possession. Such re-
11 ports, when and as requested by the Secretary, shall be
12 furnished within the time prescribed and in accordance with
13 forms provided by him for the purpose. Any person re-
14 quired by this Act, or the regulations promulgated there-
15 under, to furnish reports or information, and any officer,
16 agent, or employee thereof who shall refuse to give such
17 reports or information or shall willfully give answers that
18 are false and misleading, shall be guilty of a misdemeanor,
19 and upon conviction thereof shall be fined not less than \$300
20 nor more than \$1,000, or imprisoned not more than one
21 year, or be subject to both such fine and imprisonment."

22 SEC. 4. Sections 4, 5, 6, and 7 of said Act (49 Stat.
23 1899; 7 U. S. C. 954-7) are renumbered sections 3, 4, 5,
24 and 6, respectively.

Y BILT

2 AND

A BILL

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

By Mr. ELLENDER

JANUARY 14 (legislative day, JANUARY 3), 1957

Read twice and referred to the Committee on
Agriculture and Forestry

85TH CONGRESS
1ST SESSION

H. R. 6764

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 1957

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the last sentence of section 1 of the Act of June 24,
4 1936 (chapter 745, 49 Stat. 1898; 7 U. S. C. 951), is
5 amended to read as follows: "All reports shall be submitted
6 monthly in each year, except as otherwise prescribed by the
7 Secretary."

8 SEC. 2. Section 2 of said Act, as amended (49 Stat.
9 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

1 SEC. 3. Section 3 of said Act, as amended (49 Stat.
2 1899; 52 Stat. 349; 7 U. S. C. 953), is renumbered section
3 2 and is amended to read as follows:

4 “It shall be the duty of each warehouseman, broker,
5 cleaner, sheller, dealer, growers’ cooperative association,
6 crusher, salter, manufacturer of peanut products, and owner
7 other than the original producer of peanuts to furnish reports,
8 complete and correct to the best of his knowledge, on the
9 quantity of peanuts and peanut oil received, processed,
10 shipped, and owned by him or in his possession. Such re-
11 ports, when and as requested by the Secretary, shall be
12 furnished within the time prescribed and in accordance with
13 forms provided by him for the purpose. Any person re-
14 quired by this Act, or the regulations promulgated there-
15 under, to furnish reports or information, and any officer,
16 agent, or employee thereof who shall refuse to give such
17 reports or information or shall willfully give answers that
18 are false and misleading, shall be guilty of a misdemeanor.
19 and upon conviction thereof shall be fined not less than \$300
20 nor more than \$1,000, or imprisoned not more than one
21 year, or be subject to both such fine and imprisonment.”

22 SEC. 4. Sections 4, 5, 6, and 7 of said Act (49 Stat.
23 1899; 7 U. S.C. 954-7) are renumbered sections 3, 4, 5,
24 and 6, respectively.

A BILL

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

By Mr. COOLEY

APRIL 9, 1957

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of June 13, 1957
85th-1st, No. 102

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HIGHLIGHTS: Senate debated mutual security authorization bill. House committee ordered reported bill to provide improved methods of stating budget estimates. House committee reported public works appropriation bill. Sen. Murray and others proposed and Sen. Murray discussed measure for improved evaluation procedures of land and water resources projects. Rep. Doad introduced and discussed bills for increased disposal of surplus commodities.

HOUSE

1. APPROPRIATIONS. The Appropriations Committee reported H.R. 8090, the public works appropriation bill for 1958 (H. Rept. 552). pp. 8071, 8106
The Government Operations Committee ordered reported with amendment H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. p. D527
The Government Operations Committee reported with amendment H.R. 6900, to amend Sec. 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget by making special expenditure analyses of agency operations (H. Rept. 567). p. 8106
2. PEANUTS. A subcommittee of the Agriculture Committee ordered reported H.R. 6764, to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and H.R. 6570, with amendment, to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938 so as to remove green peanuts from marketing penalties. p. D526
3. FORESTRY. A subcommittee of the Interior and Insular Affairs Committee ordered reported H.R. 3358, to supplement the land-grant provisions of the Alaska Mental Health Enabling Act to permit the selection of certain public lands in Alaska. p. D527

4. ADVISORY COMMITTEES. The Government Operations Committee ordered reported with amendment H.R. 7390, to amend the Administrative Expenses Act of 1946 so as to require reports to Congress prior to the establishment of certain advisory committees. p. D527
5. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported with amendment H.R. 3233, to amend Sec. 22 of the ICC Act to limit the carriage, storage, or handling of property for the U. S., State, or municipal governments free or at reduced rates to periods during time of war or national emergency. p. D527
6. SMALL BUSINESS. The Banking and Currency Committee reported with amendment H.R. 7963, to extend the Small Business Act of 1953 (H. Rept. 555). p. 8106
7. BANKING. Received the annual report of the Board of Governors of the Federal Reserve System on 1956 operations. p. 8105
8. FOREIGN TRADE. Rep. Pelly discussed the effects of our trade embargo with Red China, including the amount of wheat and lumber formerly shipped to China. pp. 8098-99
Rep. Lane spoke in favor of legislation to give U. S. industries greater protection against foreign imports. pp. 8104-05

SENATE

9. FOREIGN AID. Continued debate on S. 2130, the mutual security authorization bill. pp. 8015-34, 8036-46, 8048-54, 8057-67
The Rules and Administration Committee reported without amendment S. Res. 141, extending to Jan. 31, 1958, the authority of the Special Committee to Study Foreign Aid Program (S. Rept. 435). p. 8005
Sen. Bennett inserted comments by ICA on an article by Eugene W. Castle which was critical of foreign aid spending. p. 8056
10. WATER RESOURCES. The Rules and Administration Committee reported without amendment S. Con. Res. 28, authorizing the printing of a compilation of materials concerning the development of water resources in the Columbia River Basin (S. Rept. 433). p. 8005
11. ATOMIC ENERGY. The Foreign Relations Committee ordered reported the Statute of the International Atomic Energy Agency (Exec. I, 85th Cong., 1st Sess.). p. D525
Sen. Pastore inserted the agreement and correspondence between the U.S. and Portugal concerning civil uses of atomic energy. pp. 8008-9
12. LANDS. Received a Calif. Legislature resolution urging passage of H.R. 5538, to provide that all military land withdrawals of over 5,000 acres must be approved by Congress. p. 8004
13. EXPENDITURES. Received from the National Assn. of Credit Men a resolution favoring reductions of expenditures. p. 8004
14. FLOOD CONTROL. Sen. Yarborough inserted a letter from the Region 5 Administrator, Civil Defense Administration reporting on the damage suffered in the recent floods in Texas, and commented: "The moral is plain; Flood control construction pays for itself in some areas in 1 year." pp. 8011-13

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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June 17, 1957
June 14, 1957
85th-1st, No. 103

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HIGHLIGHTS: Senate passed mutual security bill. Senate committee ordered reported bills to release extra long staple cotton for stockpile, to modify relation of supports on burley and Virginia tobacco, to exempt certain wheat producers from marketing penalties, and to transfer wheat acreage allotments of lands taken by right of eminent domain. Sen. Smith, N.J., introduced and discussed bills to establish Senior Civil Service, improve employment practices, and create Advisory Council of Health.

HOUSE

1. **APPROPRIATIONS.** Conferees were appointed on H.R. 6500, the D.C. appropriation bill for 1958 (p. 8109). Senate conferees were appointed June 11.
2. **HOUSING.** Conferees were appointed on H.R. 6659, the housing bill (p. 8109). Senate conferees were appointed May 29.
3. **AREA REDEVELOPMENT.** Rep. Lane spoke in favor of legislation to assist local distressed areas in economic redevelopment. pp. 8147-48
4. **PERSONNEL.** A subcommittee of the Post Office and Civil Service Committee ordered reported S. 1521, to exempt student trainee appointees from the Civil Service provision prohibiting the employment of more than two members of a family in the classified service. p. D531
5. **FARM POLICY.** The Subcommittee on Agricultural Policy of the Joint Economic Committee announced that it had selected Dr. George E. Brandow as staff economist to conduct its forthcoming study of agricultural policy. p. D532
6. **LEGISLATIVE PROGRAM.** Rep. McCormack announced that the Consent Calendar will be called Mon., June 17, to be followed during this week with consideration of H.R. 6974, to extend Public Law 480; H.R. 7221, the conference report on the

June 14, 1957

third supplemental appropriation bill; H.R. 8090, the public works appropriation bill; H.R. 7125, excise tax amendments; S. 469, to extend Federal supervision of Klamath Indians; H.R. 7168, the Federal construction contract procedures bill; and H.R. 3753, to extend loans to homesteaders and desert-land entrymen. p. 8145

7. ADJOURNED until Mon., June 17. p. 8151

SENATE

8. FOREIGN AID. Passed, 57-25, with amendments S. 2130, the mutual security authorization bill. pp. 8171-8260.

Agreed to the following amendments:

Committee amendments (pp. 8171, 8254).

By Sen. Gore, to prohibit loans without firm commitments of repayment and a finding of reasonable prospects for repayment (pp. 8230-1).

By Sen. Fulbright, to authorize the use of \$10 million of funds for assistance to U. S. schools abroad, as amended by Sen. Humphrey's amendment to urge special efforts to utilize Public Law 480 funds for this purpose (pp. 8237-40).

By Sen. Ellender, to require a report to Congress on each financing operation involving the assets of the fund (pp. 8241-2).

By Sen. Javits, to study ways to facilitate travel (p. 8251).

Rejected the following amendments:

By Sen. Morse, 32 to 54, to delete the \$750 million per year borrowing authority of the Development Loan Fund and eliminating technical language making it a revolving fund (pp. 8211-26).

By Sen. Morse, 22 to 61, to require 15 days notice before the President waived requirements of the act for \$100 million of the funds (reduced from \$250 million) (pp. 8226-9, 8230).

By Sen. O'Mahoney, 31 to 53, to require full and current reports of all activities under the law (pp. 8231-7).

By Sen. Ellender, to delete language increasing the limitation on grants to the U. N. technical assistance fund to 45% (pp. 8240-1).

By Sen. Case, to increase the sums earmarked for the sale for foreign currencies of agricultural commodities from \$200 million to \$225 million (pp. 8242-51).

By Sen. Ellender, to require that sums appropriated under the Mutual Security Act be passed in a separate bill and not be included in the Defense Department or other appropriation bill (p. 8254).

SENATE

9. PEANUTS; COTTON; TOBACCO; WHEAT. The Agriculture and Forestry Committee ordered reported the following bills:

Without amendment, S. 609, deleting the requirement for reports from persons operating peanut picking or threshing machines (p. D530);

Without amendment, H. J. Res. 172, authorizing withdrawal from the stockpile for CCC sale of 50,000 bales of extra-long staple cotton (p. D530);

Without amendment, H.R. 7259, redefining types of Virginia tobaccos (p. D530);

With amendment, S. 959, to exempt from liability producers of wheat to be used for feed or seed on the farm (p. D530);

With amendments, S. 606, permitting the transfer of wheat acreage allotments of lands taken from the farmer by eminent domain (p. D530).

10. HOUSING. The Banking and Currency Committee ordered reported with amendments H.R. 4602, to encourage veterans residential housing in rural areas (major amendment would reduce authorizations for direct loans from \$200 million to \$50 million). p. D530

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: Senate committee reported bills to modify relation of supports on burley and Virginia tobacco, exempt certain wheat producers from marketing penalties, transfer wheat acreage allotments of lands taken by right of eminent domain, and eliminate requirements for certain peanut reports. Sen. Capehart commended Industrial Uses Commission's report. Sen. Purtell criticized Department's report on Humane slaughter bill. Sen. Humphrey inserted statement on use of food and (see p. 6.)

SENATE

- 1. PEANUTS; TOBACCO; WHEAT.** The Agriculture and Forestry Committee reported the following bills:
Without amendment, S. 609, eliminating the requirement of reports from persons operating peanut picking or threshing machines (S. Rept. 456), p. 8280;
Without amendment, H.R. 7259, to modify the relation of supports on burley and Virginia tobaccos (S. Rept. 457), p. 8280;
With amendment, S. 959, to exempt from marketing penalties producers of wheat used for seed or feed on the farm (S. Rept. 458), p. 8280;
With amendments, S. 606, to permit the transfer of wheat acreage allotments of lands taken from the farmer by right of eminent domain (S. Rept. 459), p. 8280
- 2. ATOMIC ENERGY.** Debated the Statute of the International Atomic Energy Agency. pp. 8267-77, 8343-76, 8382-3, 8384-90
- 3. RESEARCH.** Sen. Capehart commended the report of the Commission on Increased Industrial Uses of Agricultural Products, inserted his bill to expand research activities to discover new uses, and inserted his speech on the subject. pp. 8329-36

4. HUMANE SLAUGHTER. Sen. Purtell urged the passage of humane slaughter legislation and inserted this Department's adverse report on the bill and his letter to Sen. Ellender criticizing it. pp. 8336-7
5. WATER RESOURCES. Sen. Watkins inserted a speech by the Governor of Utah, "A Midcentury Appraisal of Water and Power Needs." pp. 8337-9
6. WATER POLLUTION. Received a Calif. Legislature resolution urging increased efforts to prevent the pollution of the San Francisco Bay area. p. 8278
7. FLOOD CONTROL. Sen. Johnson urged increased spending for flood control and the development of water resources. pp. 8286-7
8. FISCAL POLICY. Sen. Johnson criticized the Administration's monetary and credit policies, which he said deterred local government bodies from borrowing money. p. 8287
9. TAX AMORTIZATION. Sen. Neuberger inserted a letter from an engineer to the President discussing the probable cost of the fast tax writeoff granted the Idaho Power Co. pp. 8376-9
10. FOOD DISTRIBUTION. Sen. Humphrey inserted his statement on the use of food and fiber in our foreign policy. pp. 8383-4

HOUSE

11. BUDGETING. The Government Operations Committee reported without amendment H.R. 8002, to provide for stating appropriation estimates on an accrued expenditure basis (H. Rept. 572). p. 8437
12. ADVISORY COMMITTEES. The Government Operations Committee reported with amendment H.R. 7390, to amend the Administrative Expense Act of 1946 so as to require reports to Congress prior to the establishment of certain advisory committees (H. Rept. 576). p. 8437
13. RESEARCH. Received the report of the President's bipartisan Commission on Increased Industrial Use of Agricultural Products, pursuant to Public Law 540, 84th Congress; to Agriculture Committee. p. 8437
14. APPROPRIATIONS. Conferees were appointed on H.R. 7441, the agricultural appropriation bill for 1958 (Senate conferees were appointed June 11), and H.R. 6070, the independent offices appropriation bill for 1958 (Senate conferees were appointed June 12). p. 8394
15. MEATS. Passed over, at the request of Rep. Marshall, H.R. 7244, to amend the Packers and Stockyards Act of 1921 so as to permit deductions for a self-help meat promotion program. p. 8395
16. PERSONNEL. Passed with amendments S. 601, relative to the charging of interest on deposits in the civil service retirement fund during certain periods of separation from the service. H.R. 3084, a similar bill, was laid on the table. p. 9396
17. CONTRACTS. Passed as reported H.R. 7536, to extend the termination date of title II of the First War Powers Act of 1941 from June 30, 1957 to June 30, 1958. Under title II the President may authorize any department or agency of the Government, which is dealing with national defense, to make contracts

PEANUT STATISTICS

JUNE 17, 1957.—Ordered to be printed

Mr. SCOTT, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany S. 609]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 609) to amend the act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would repeal a statutory requirement for reports from owners or operators of peanut picking or threshing machines. Due to lessening use of custom picking and threshing and the development of better sources of information, these reports now have little value. The bill would also permit the Secretary to provide for reports on other than a monthly basis and make certain nonsubstantive changes in the law as described in the attached letter from the Department of Agriculture.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D. C., December 18, 1956.

THE HONORABLE THE PRESIDENT OF THE SENATE,
United States Senate.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill entitled "To amend the act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes."

The Department recommends early consideration and enactment of this proposal for the reasons set forth herein.

This recommended revision of the law relating to the collection and publication of peanut statistics would (1) delete a statutory

requirement for reports from "persons owning or operating peanut picking or threshing machines," and (2) make certain nonsubstantive revisions in the language of existing section 3 to conform it with section 1 and clarify its meaning.

The requirement which would be dropped no longer furnishes useful data in view of other available sources which provide more complete information. Moreover, the Agricultural Marketing Service, which carries out the Department's responsibilities under this act, finds that such requirement is no longer realistic, and has been wholly impracticable to enforce within available funds and facilities.

At the time this act was passed, picking and threshing machines were widely used in all peanut-producing areas and were generally owned by individual operators or firms who picked and threshed for a large number of farmers. Today, however, the custom use of these machines is being rapidly displaced by individually owned combines with picker attachments. This is especially true in the southeastern and southwestern peanut areas. It is doubtful that the act was ever intended to apply to farmer-owned combines with picker attachments which are used mainly to harvest and pick only the owner's peanuts.

As a source of data, the reports from pickers and threshers are now weak and inconsequential, and practically useless as a basis for estimating total quantities of peanuts picked and threshed. In any event, collection of data from this source would require expenditures out of all proportion to its real value. Estimates of production of all peanuts picked and threshed, published by the Crop Reporting Board, are based on other survey data and far exceed the total quantities reported by operators of picking and threshing machines.

The principal revisions in section 3: (1) conform the classes of persons who must report as stated in sections 1 and 3 by adding to section 3 the words "owner other than the original producer of peanuts"; (2) clarify the antecedents of pronouns by breaking the first sentence into two sentences; and (3) supply the words "to give such reports or information" and "shell" and delete the word "to", so as to complete the thought and correct a grammatical error in the wording of the last sentence, which covers violations.

The enactment of this legislation would not affect the present cost of carrying out the purposes of this act, whereas the full and effective enforcement of the picker and thresher provisions would require additional funds.

The Bureau of the Budget advises that there is no objection to the presentation of this proposal for the consideration of the Congress.

Sincerely yours,

E. T. BENSON, *Secretary*.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF JUNE 24, 1936, AS AMENDED

SEC. 1. The Secretary of Agriculture is authorized and directed to collect and publish statistics of raw peanuts shelled, unshelled, and crushed, and peanut oil, in the United States, received, processed, shipped, and owned by or in the possession of warehousemen, brokers, cleaners, shellers, dealers, growers' cooperative associations, crushers, salters, manufacturers of peanut products, and owners other than the original producers of peanuts: *Provided*, That the Secretary may, in his discretion, omit for any period of time to collect such statistics from any or all salters of peanuts or manufacturers or peanut products who used, during the calendar year preceding that for which statistics are being collected, less than thirty thousand pounds of shelled and unshelled peanuts. Such statistics shall show the quality of peanuts in such details as to kinds—Virginias, Runners, Spanish, and imported varieties—as the Secretary shall deem necessary for the purposes of this Act. All reports [except those required from persons owning or operating peanut picking or threshing machines] shall be submitted monthly in each year, *except as otherwise prescribed by the Secretary*.

[SEC. 2. The Secretary is authorized and directed to collect and publish statistics of the quantity of peanuts picked or threshed by any person owning or operating peanut picking or threshing machines].

SEC. [3] 2. It shall be the duty of [every] *each* warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner [or operator of peanut picking or threshing machines to furnish promptly upon request of the Secretary, within the time prescribed by him, completely and correctly to the best of his knowledge, a report of the quantity of peanuts and peanut oil received, processed, shipped, and owned by or on hand and in the case of an operator of peanut picking and threshing machines the quantity picked or threshed, segregating in accordance with forms furnished for the purpose by the Secretary.] *other than the original producer of peanuts to furnish reports, complete and correct to the best of his knowledge, on the quantity of peanuts and peanut oil received, processed, shipped, and owned by him or in his possession. Such reports, when and as requested by the Secretary, shall be furnished within the time prescribed and in accordance with forms provided by him for the purpose. Any person required by this Act, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof who shall refuse [or] to give such reports or information or shall willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than one year, or [to] be subject to both such fine and imprisonment.*

SEC. [4] 3. The Secretary is authorized to establish and promulgate grades and standards for the classification of peanuts, whenever in his discretion he may see fit.

SEC. [5] 4. The information furnished under the provisions of this Act shall be used only for the statistical purposes for which it is supplied. No publication shall be made by the Secretary whereby the data furnished by any person can be identified, nor shall the Secretary permit anyone other than the sworn employees of the Department of Agriculture to examine the individual reports.

SEC. [6] 5. The Secretary may make rules and regulations as may be necessary in the administration of this Act and may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, binding, telegrams, telephones, law books, books of reference, publications, furniture, stationery, office equipment, travel, and other supplies and expenses, including reporting services, as shall be necessary to the administration of this Act in the District of Columbia and elsewhere, and as may be appropriated for by Congress; and there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for such purpose.

SEC. [7] 6. When used in this Act—

- (1) The term "person" includes individuals, partnerships, corporations, and associations;
- (2) The term "Secretary" means the Secretary of Agriculture.



Calendar No. 463

85TH CONGRESS
1ST SESSION

S. 609

[Report No. 456]

IN THE SENATE OF THE UNITED STATES

JANUARY 14 (legislative day, JANUARY 3), 1957

Mr. ELLENDER (by request) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

JUNE 17, 1957

Reported by Mr. SCOTT, without amendment

A BILL

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the last sentence of section 1 of the Act of June 24,
4 1936 (chapter 745, 49 Stat. 1898; 7 U. S. C. 951), is
5 amended to read as follows: "All reports shall be submitted
6 monthly in each year, except as otherwise prescribed by the
7 Secretary."

8 SEC. 2. Section 2 of said Act, as amended (49 Stat.
9 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

1 SEC. 3. Section 3 of said Act, as amended (49 Stat.
2 1899; 52 Stat. 349; 7 U. S. C. 953), is renumbered section
3 2 and is amended to read as follows:

4 “It shall be the duty of each warehouseman, broker,
5 cleaner, sheller, dealer, growers’ cooperative association,
6 crusher, salter, manufacturer of peanut products, and owner
7 other than the original producer of peanuts to furnish reports,
8 complete and correct to the best of his knowledge, on the
9 quantity of peanuts and peanut oil received, processed,
10 shipped, and owned by him or in his possession. Such re-
11 ports, when and as requested by the Secretary, shall be
12 furnished within the time prescribed and in accordance with
13 forms provided by him for the purpose. Any person re-
14 quired by this Act, or the regulations promulgated there-
15 under, to furnish reports or information, and any officer,
16 agent, or employee thereof who shall refuse to give such
17 reports or information or shall willfully give answers that
18 are false and misleading, shall be guilty of a misdemeanor,
19 and upon conviction thereof shall be fined not less than \$300
20 nor more than \$1,000, or imprisoned not more than one
21 year, or be subject to both such fine and imprisonment.”

22 SEC. 4. Sections 4, 5, 6, and 7 of said Act (49 Stat.
23 1899; 7 U. S. C. 954–7) are renumbered sections 3, 4, 5,
24 and 6, respectively.

85TH CONGRESS
1ST SESSION

S. 609

[Report No. 456]

A BILL

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

By Mr. ELLENDER

JANUARY 14 (legislative day, JANUARY 3), 1957

Read twice and referred to the Committee on
Agriculture and Forestry

JUNE 17, 1957

Reported without amendment

June 18, 1957

Began debate on H.R. 8090, the public works appropriation bill for 1958. pp. 8573-82

Received from the President supplemental appropriation estimates for 1958 for various agencies (H. Doc. 198); to Appropriations Committee. p. 8587

Conferees were appointed on H.R. 6287, the Labor-H.E.W. appropriation bill for 1958. Senate Conferees were appointed June 12. p. 8538

17. PERSONNEL. Received from the Civil Service Commission a proposed bill to provide Federal contributions and authorize payroll deductions for prepaid health insurance for Federal employees and their dependents; to Post Office and Civil Service Committee. p. 8587

18. ~~PROPERTY; PEANUTS; ACREAGE ALLOTMENTS.~~ The Agriculture Committee ordered reported the following bills: p. D544

H.R. 8030, to amend the Agricultural Adjustment Act of 1938 so as to provide that acreage placed in the soil bank shall be counted as a part of total acreage for purposes of establishing future acreage allotments for the farm;

H.R. 6570, to amend the Agricultural Adjustment Act of 1938 so as to remove green peanuts from the marketing penalty provisions;

H.R. 6764, to amend the act of June 24, 1936, so as to delete the requirement for reports from persons owning or operating peanut picking or threshing machines;

H.R. 2259, to provide for the conveyance of a small tract of FHA land in Prairie Co., Ark., to private individuals.

19. FLOOD CONTROL. Reps. Rogers, Mass., and Philbin urged additional funds for flood control measures on the Merrimack River in New England. pp. 8582-83

20. FOREIGN TRADE. Rep. Tollefson criticized the action of the State Department in announcing "that public hearings will be held on June 18, by the Committee for Reciprocity Information relative to freezing for an unspecified period the United States right to modify or withdraw tariff concessions made in conjunction with the General Agreement on Tariffs and Trade, or GATT, except under certain conditions." p. 8534

Received a Calif. Legislature memorial favoring controls on the import of dried figs and fig paste. p. 3588

ITEMS IN APPENDIX

21. SOIL CONSERVATION. Sen. Johnson inserted an editorial discussing water problems and stating that the prevention of siltation of lakes is a serious problem and that it involves wide-spread soil conservation practices. p. A4808

22. LIBRARY SERVICES. Sen. Church spoke in favor of the \$5 million appropriated for the grants-in-aid for the rural library services, and inserted a letter describing plans that are being made in Idaho to implement this program. p. A4808

23. PERSONNEL; EXTENSION SERVICE. Rep. Cooley commended this Department for bestowing Superior Service awards to David S. Weaver, Ext. Service, Raleigh, N. C., and Horace D. Godfrey, ASC, Raleigh, N. C.. p. A4814

24. FORESTRY; SOIL BANK. Rep. Sikes spoke in favor of the tree-planting program under the soil bank, stressed the need for the \$5 million for nursery operation and development, and stated there is justification for the funds that have been requested. pp. A4815-7

25. FARM PROGRAM. Rep. Vursell inserted an editorial, "Agricultural Revolt Brewing in Congress," covering a statement by the Secretary on the farm problem. p. A4823

Rep. Teague inserted an editorial, "The Unmentioned Famous Letter of Benson to Ellender," and stated that "'because some people consider this letter one of the most unusual and important pronouncements to be made by a Secretary of Agriculture in the last 25 years,' I am having this inserted." pp. A4823-9

26. FLOOD CONTROL. Rep. Rogers inserted her testimony before the Appropriations Committee on the Merrimack River flood-control project, also a letter from the Corps of Engineers. pp. A4825-7

BILLS INTRODUCED

27. PERSONNEL. S. 2317, by Sen. Clark, to establish a commission to study and revise the present compensation system for civilian salaried employees of the Federal Government, to amend the compensation schedule of the Classification Act of 1949; to Post Office and Civil Service Committee. Remarks of author. pp. 8444-5

H.R. 8227, by Rep. Porter, to amend section 6 of the act of August 24, 1912, as amended, with respect to the recognition of organizations of postal and Federal employees; to Post Office and Civil Service Committee.

28. COTTON. H.R. 3222, by Rep. Hagen, to provide an alternative acreage adjustment and price support program for the 1958 crop of cotton; to Agriculture Committee.

PRINTED HEARINGS RECEIVED IN THIS OFFICE

29. FOREIGN TRADE; SURPLUS COMMODITIES. H.R. 1905, and other bills to extend Public Law 480 for two years and authorize barter transactions with satellite countries. House Agriculture Committee.
30. NOMINATIONS; FOREIGN TRADE; SURPLUS COMMODITIES. Nomination of Roy R. Rubottom, Jr., to be Assistant Secretary of State for Inter-American Affairs. Senate Foreign Relations Committee.
31. FOREIGN AID. Foreign Policy and Mutual Security. (Bound with H. Rept. 551.) House Foreign Affairs Committee.

- 0 -

COMMITTEE HEARING ANNOUNCEMENTS:

June 19: Establishing wilderness preservation system, S. Interior (McArdle to testify). Codification of census laws, H. Post Office and Civil Service (R. K. Smith, AMS, to testify). Exemption from quotas of certain wheat used on farm where produced, H. Agriculture (Berger, CSS, to testify). Mutual security authorization bill, H. Foreign Affairs (exec). Foreign aid appropriations, H. Appropriations (exec). Federal employee pay bills, H. Post Office and Civil Service.

House June 26, 1957

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 27, 1957
For actions of June 26, 1957
85th-1st, No. 111

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HIGHLIGHTS: (See Page 6).

HOUSE

1. APPROPRIATIONS. Conferees were appointed on H.R. 5189, the Interior appropriation bill for 1958, which includes Forest Service items. Senate conferees were appointed June 24.
Agreed to the conference report on H.R. 6287, the Labor-HEW appropriation bill for 1958. pp. 9328-33
Received conference report on H.R. 6070, the independent offices appropriation bill for 1958 (H. Rept. 648). pp. 9322-24, 9355
2. PEANUTS. The Agriculture Committee reported with amendment H.R. 6764, to amend the act of June 24, 1936, so as to delete the requirement for reports from persons owning or operating peanut picking or threshing machines (H. Rept. 646). p. 9355
3. ADVISORY COMMITTEES. The Rules Committee reported a resolution for consideration of H.R. 7390, to amend the Administrative Expense Act of 1946 so as to establish standards for certain advisory committees. pp. 9333, 9355
4. LANDS; RECLAMATION. The Interior and Insular Affairs Committee ordered reported with amendment H.R. 2147, to provide for the construction by Interior of the San Angelo reclamation project, Tex., H.R. 6940, to authorize Interior to reimburse owners of lands acquired under the Federal reclamation laws for their moving expenses, and H.R. 8054, to provide for the leasing of oil and gas deposits inlands beneath inland navigable waters in Alaska. p. D582

Senate - June 26, 1957

5. FISCAL POLICY. The Joint Economic Committee issued a report on fiscal policy implications of the economic outlook and budget developments (H. Rept. 647). p. 9355
6. EXPERIMENT STATIONS. Received from this Department the annual report on the State agricultural experiment stations. p. 9355
7. MONETARY PROBLEMS. Both Houses received a report on the activities of the National Advisory Council on International Monetary and Financial Problems (H. Doc. 200). pp. 9219, 9355
8. COOPERATIVES. Rep. Becker inserted a newspaper editorial favoring Federal income taxation on cooperative corporations in the same manner as other business corporations. p. 9328
9. TRANSPORTATION. Passed with amendment H.R. 5728, to modify the general corporate powers and utilization of funds, and increase the borrowing authority of the St. Lawrence Seaway Development Corporation. pp. 9334-49
10. FOREIGN TRADE. Rep. Lanham criticized the foreign trade policies of the State Department. pp. 9352-53

SENATE

11. PEANUTS. Passed without amendment S. 609, to repeal the requirement for certain reports from operators of peanut picking or threshing machines. pp. 9266-7
12. TOBACCO. Passed without amendment H.R. 7259, establishing type 21 Virginia fire cured tobacco as a separate kind of tobacco for marketing quota purposes and limiting its price support level to an amount not in excess of the higher of (a) the 1957 level or (b) 90% of parity. This bill will now be sent to the President. p. 9267
13. RECREATION. Passed as reported S. 846, to establish a National Outdoor Recreation Resources Review Commission of 15 members, including 8 from Congress and 7 from private life, to develop a national policy for outdoor recreation and encourage recreational uses of national resources. pp. 9270-2
14. DISASTER RELIEF. Sen. Humphrey urged disaster aid for flood-stricken areas in Minn., and inserted his letter to the Secretary, a news article, and a petition on the flood problem. pp. 9253-7
15. RESEARCH. Sen. Capehart urged more extended agricultural research and inserted two articles on the uses for farm products. pp. 9262-4
16. LIVESTOCK. The proposed amendments to S. 1356, to transfer the jurisdiction over unfair trade practices in the meatpacking industry to the FTC, offered by the American Meat Institute, were criticized by Sen. Watkins on the grounds that the Department of Agriculture never issued a cease and desist order to any packer. pp. 9309-11
17. PRICE SUPPORTS. Received from the Secretary a proposed bill to authorize CCC to acquire title to unredeemed loan collateral without obligation to make equity payments; to Agriculture and Forestry Committee.

COLLECTION OF PEANUT STATISTICS

JUNE 26, 1957.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H. R. 6764]

The Committee on Agriculture, to whom was referred the bill (H. R. 6764) to amend the act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 2, beginning on line 2, strike out "is renumbered section 2 and".

Page 2, line 16, insert a comma after the words "or employee thereof".

Page 2, beginning on line 22, strike out all of section 4.

The purpose of this bill is to repeal an obsolete provision in the law relating to the collection of peanut statistics. Existing law requires reports from all "persons owning or operating peanut picking or threshing machines."

At the time the law was enacted custom picking and threshing of peanuts was generally practiced, with one individual owning the machines and doing the harvesting for a large number of farmers. Since that time, practices have changed so that now most peanut farmers own and operate their own machines for this purpose. The Department of Agriculture receives reports on peanut production from other sources and states that it no longer requires the report from each owner of a picking or threshing machine, and that for practical purposes it is impossible to obtain such reports.

COMMITTEE AMENDMENTS

The amendments made by the committee are purely technical in nature and do not change in any way the substance of the bill.

EXECUTIVE COMMUNICATION

Enactment of this measure was recommended by the Department of Agriculture in Executive Communication No. 11, which explains in some detail the changes made by the bill and the reasons for its enactment.

Following is the text of the executive communication:

DEPARTMENT OF AGRICULTURE,
Washington, D. C., December 18, 1956.

The SPEAKER,
House of Representatives.

DEAR MR. SPEAKER: Enclosed is a draft of a proposed bill entitled "To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes."

The Department recommends early consideration and enactment of this proposal for the reasons set forth herein.

This recommended revision of the law relating to the collection and publication of peanut statistics would (1) delete a statutory requirement for reports from "persons owning or operating peanut picking or threshing machines," and (2) make certain nonsubstantive revisions in the language of existing section 3 to conform it with section 1 and clarify its meaning.

The requirement which would be dropped no longer furnishes useful data in view of other available sources which provide more complete information. Moreover, the Agricultural Marketing Service, which carries out the Department's responsibilities under this act, finds that such requirement is no longer realistic, and has been wholly impracticable to enforce within available funds and facilities.

At the time this act was passed, picking and threshing machines were widely used in all peanut producing areas and were generally owned by individual operators or firms who picked and threshed for a large number of farmers. Today, however, the custom use of these machines is being rapidly displaced by individually owned combines with picker attachments. This is especially true in the southeastern and southwestern peanut areas. It is doubtful that the act was ever intended to apply to farmer-owned combines with picker attachments which are used mainly to harvest and pick only the owner's peanuts.

As a source of data, the reports from pickers and threshers are now weak and inconsequential, and practically useless as a basis for estimating total quantities of peanuts picked and threshed. In any event, collection of data from this source would require expenditures out of all proportion to its real value. Estimates of production of all peanuts picked and threshed, published by the Crop Reporting Board, are based on other survey data and far exceed the total quantities reported by operators of picking and threshing machines.

The principal revisions in section 3: (1) conform the classes of persons who must report as stated in sections 1 and 3 by adding to section

3 the words "owner other than the original producer of peanuts"; (2) clarify the antecedents of pronouns by breaking the first sentence into two sentences; and (3) supply the words "to give such reports or information" and "shall" and delete the word "to", so as to complete the thought and correct a grammatical error in the wording of the last sentence, which covers violations.

The enactment of this legislation would not affect the present cost of carrying out the purposes of this act, whereas the full and effective enforcement of the picker and thresher provisions would require additional funds.

The Bureau of the Budget advises that there is no objection to the presentation of this proposal for the consideration of the Congress.

Sincerely yours,

E. T. BENSON, *Secretary*.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

ACT OF JUNE 25, 1936, AS AMENDED, TITLE 7, UNITED STATES CODE

Sec. 951. Collection and publication; facts required; submission of report.

The Secretary of Agriculture is authorized and directed to collect and publish statistics of raw peanuts, shelled, unshelled, and crushed, and peanut oil, in the United States, received, processed, shipped, and owned by or in the possession of warehousemen, brokers, cleaners, shellers, dealers, growers' cooperative associations, crushers, salters, manufacturers of peanut products, and owners other than the original producers of peanuts: *Provided*, That the Secretary may, in his discretion, omit for any period of time to collect such statistics from any or all salters of peanuts or manufacturers of peanut products who used, during the calendar year preceding that for which statistics are being collected, less than thirty thousand pounds of shelled and unshelled peanuts. Such statistics shall show the quality of peanuts in such details as to kinds—Virginias, Runners, Spanish, and imported varieties—as the Secretary shall deem necessary for the purposes of this chapter. [All reports except those required from persons owning or operating peanut picking or threshing machines shall be submitted monthly in each year.] *All reports shall be submitted monthly in each year, except as otherwise prescribed by the Secretary.*

Sec. 952. Same; quantity picked or threshed.

[The Secretary is authorized and directed to collect and publish statistics of the quantity of peanuts picked or threshed by any person owning or operating peanut picking or threshing machines.]

Sec. 953. Reports; necessity; by whom made; penalties.

[It shall be the duty of every warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner or operator of peanut picking

or threshing machines to furnish promptly upon request of the Secretary, within the time prescribed by him, completely and correctly to the best of his knowledge, a report of the quantity of peanuts and peanut oil received, processed, shipped, and owned by or on hand and in the case of an operator of peanut picking and threshing machines the quantity picking and threshing machines the quantity picked or threshed, segregating in accordance with forms furnished for the purpose by the Secretary. Any person required by this chapter, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof who shall refuse or willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than one year, or to be subject to both such fine and imprisonment.]

It shall be the duty of each warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner other than the original producer of peanuts to furnish reports, complete and correct to the best of his knowledge, on the quantity of peanuts and peanut oil received, processed, shipped, and owned by him or in his possession. Such reports, when and as requested by the Secretary, shall be furnished within the time prescribed and in accordance with forms provided by him for the purpose. Any person required by this Act, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof, who shall refuse to give such reports or information or shall willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than one year, or be subject to both such fine and imprisonment.



85TH CONGRESS
1ST SESSION

H. R. 6764

[Report No. 646]

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 1957

Mr. COOLEY introduced the following bill; which was referred to the Committee on Agriculture

JUNE 26, 1957

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through]

A BILL

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the last sentence of section 1 of the Act of June 24,
4 1936 (chapter 745, 49 Stat. 1898; 7 U. S. C. 951), is
5 amended to read as follows: "All reports shall be submitted
6 monthly in each year, except as otherwise prescribed by the
7 Secretary."

8 SEC. 2. Section 2 of said Act, as amended (49 Stat.
9 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

1 SEC. 3. Section 3 of said Act, as amended (49 Stat.
2 1899; 52 Stat. 349; 7 U. S. C. 953), is renumbered section
3 ~~2~~ and is amended to read as follows:

4 "It shall be the duty of each warehouseman, broker,
5 cleaner, sheller, dealer, growers' cooperative association,
6 crusher, salter, manufacturer of peanut products, and owner
7 other than the original producer of peanuts to furnish reports,
8 complete and correct to the best of his knowledge, on the
9 quantity of peanuts and peanut oil received, processed,
10 shipped, and owned by him or in his possession. Such re-
11 ports, when and as requested by the Secretary, shall be
12 furnished within the time prescribed and in accordance with
13 forms provided by him for the purpose. Any person re-
14 quired by this Act, or the regulations promulgated there-
15 under, to furnish reports or information, and any officer,
16 agent, or employee thereof, who shall refuse to give such
17 reports or information or shall willfully give answers that
18 are false and misleading, shall be guilty of a misdemeanor,
19 and upon conviction thereof shall be fined not less than \$300
20 nor more than \$1,000, or imprisoned not more than one
21 year, or be subject to both such fine and imprisonment."

22 SEC. 4. Sections 4, 5, 6, and 7 of said Act (49 Stat.
23 1899; 7 U. S. C. 954-7) are renumbered sections 3, 4, 5,
24 and 6, respectively.

85TH CONGRESS
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A BILL

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By Mr. COOLEY

APRIL 9, 1957

Referred to the Committee on Agriculture

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INCREASE OF PERMISSIVE LIMIT FOR ISSUING SECURITIES

The bill (S. 2299) to amend section 3 (b) of the Securities Act of 1933 was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subsection (b) of section 3 of the Securities Act of 1933, as amended, is hereby amended by striking out "\$300,000" and inserting in lieu thereof "\$500,000."

AMENDMENT OF NORTH PACIFIC FISHERIES ACT OF 1954

The bill (S. 2212) to amend the North Pacific Fisheries Act of 1954 was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the North Pacific Fisheries Act of 1954 (68 Stat. 698) is amended as follows:

In section 12 strike out the words "contiguous to the territorial waters of Alaska" and substitute therefor the words "north of the parallel of north latitude of 48 degrees and 30 minutes: And provided further, That no such regulations shall apply in the convention area south of the 49th parallel of north latitude with respect to sockeye salmon (*Oncorhynchus nerka*) or pink salmon (*Oncorhynchus gorbuscha*)."

DEVELOPMENT AND MODERNIZATION OF THE NATIONAL SYSTEM OF NAVIGATION AND TRAFFIC CONTROL—BILL PASSED OVER

The bill (S. 1856) to provide for the development and modernization of the national system of navigation and traffic-control facilities, to serve present and future needs of civil and military aviation, and for other purposes, was announced as next in order.

Mr. TALMADGE. Over.

Mr. MAGNUSON. Mr. President, may I ask whether there was a request that Calendar No. 448, S. 1856, be passed over?

Mr. TALMADGE. The calendar committee did not consider the bill to be calendar business. We thought it would be in order to have the bill taken up on motion immediately after the conclusion of the call of the calendar.

Mr. MAGNUSON. I thank the Senator from Georgia.

The PRESIDING OFFICER. The bill will be passed over.

TERMS OF OFFICE OF MEMBERS OF THE CIVIL AERONAUTICS BOARD

The Senate proceeded to consider the bill (S. 1718) to amend section 201 (a) of the Civil Aeronautics Act of 1938, as amended, relative to the terms of office of members of the Civil Aeronautics Board which had been reported from the Committee on Interstate and Foreign Commerce with amendments on page 1, line 8, after the word "after", to strike out "May 1, 1957," and insert "the effective date of the enactment of this sentence," and in line 9, after the numerals "31", to strike out "instead of" and insert "following", so as to make the bill read:

Be it enacted, etc., That section 201 (a) of the Civil Aeronautics Act of 1938, as amended (52 Stat. 980; 49 U. S. C. 421), is amended by inserting after the third sentence thereof the following new sentences: "Notwithstanding the foregoing provisions of this section, the term of office of each member of the Board appointed after the effective date of the enactment of this sentence, shall expire on March 31 following December 31 of the year in which his appointment would otherwise expire. Hereafter each member of the Board shall hold office until his successor is appointed and qualified, but in no event for a period of more than 120 days after the expiration of his term of office."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SISTER CLEMENTINE (ILONA MOLNAR)

The bill (S. 651) for the relief of Sister Clementine (Ilona Molnar) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Sister Clementine (Ilona Molnar) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

STAVROS MANOUSOS

The Senate proceeded to consider the bill (S. 850) for the relief of Stavros Manousos, which had been reported from the Committee on the Judiciary with an amendment, in line 7, after the word "fee", to strike out "Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Stavros Manousos shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FOTINA (THERESA) WARDINI

The bill (S. 960) for the relief of Fotina (Theresa) Wardini was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Fotina (Theresa) Wardini, shall be held and considered to be the natural-born alien child of Joseph and Mary Antoun Tabit, citizens of the United States.

ADOLFO CAMILLO SCOPONE

The bill (S. 1102) for the relief of Adolfo Camillo Scopone was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, Adolfo Camillo Scopone shall be held and considered to be the minor natural-born alien child of Mr. and Mrs. Luigi Scoponi, citizens of the United States.

JAN SZPYTMAN

The Senate proceeded to consider the bill (S. 140) for the relief of Jan Szpytman, which had been reported from the Committee on the Judiciary with an amendment on page 2, line 3, after the word "act", to insert a colon and "And provided further, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.", so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (6) of the Immigration and Nationality Act, Jan Szpytman may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that act, under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of said act: *And provided further*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CALOGERO MANISCALCO

The Senate proceeded to consider the bill (S. 957) for the relief of Calogero Maniscalco, which had been reported from the Committee on the Judiciary with amendments on page 1, line 7, after the word "act", to insert a colon and "Provided, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act."; after line 10, to strike out:

SEC. 2. The exemption provided for in this act shall apply only to the grounds of exclusion of which the Department of State and/or the Department of Justice had knowledge prior to the enactment of this act.

So as to make the bill read:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, Calogero Maniscalco may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of

Justice has knowledge prior to the enactment of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MATILDA HAJOS

The Senate proceeded to consider the bill (S. 1048) for the relief of Matilda Hajos, which had been reported from the Committee on the Judiciary with an amendment on page 2, line 3, after the word "Act", to insert a colon and "And provided further, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act", so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (6) of the Immigration and Nationality Act, Matilda Hajos may be granted a visa and be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act: *And provided further,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

KATINA APOSTOLOU

The Senate proceeded to consider the bill (S. 1082) for the relief of Katina Apostolou, which had been reported from the Committee on the Judiciary with an amendment in line 7, after the word "United", to strike out "State" and insert "States", so as to make the bill read:

Be it enacted, etc., That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Katina Apostolou, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Lionel C. Saint, citizens of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FLORINDA MELLONE GARCIA

The Senate proceeded to consider the bill (S. 1251) for the relief of Florinda Mellone Garcia, which had been reported from the Committee on the Judiciary with an amendment in line 5, after the word "be", to insert "issued a visa and be", so as to make the bill read:

Be it enacted, etc., That notwithstanding the provisions of paragraph (12) of section 212 (a) of the Immigration and Nationality Act, Florinda Mellone Garcia may be issued a visa and be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions

of such act. This act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MYUNG OK SHIN

The Senate proceeded to consider the bill (S. 1253) for the relief of Myung Ok Shin, which had been reported from the Committee on the Judiciary with an amendment in line 6, after the word "natural-born", to insert "alien", so as to make the bill read:

Be it enacted, etc., That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Myung Ok Shin, shall be held and considered to be the natural-born alien child of William and June Boyland, citizens of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

VUOKKO A. BINGHAM

The Senate proceeded to consider the bill (S. 875) for the relief of Vuokko A. Bingham, which had been reported from the Committee on the Judiciary with amendments on page 1, line 5, after the word "be", to insert "issued a visa and be", and in line 10, after the word "Justice", to strike out "have" and insert "has", so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, Vuokko A. Bingham may be issued a visa and be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act: *Provided,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RELIEF OF CERTAIN ALIENS

The bill (S. 1310) for the relief of certain aliens was announced as next in order.

Mr. PURTELL. Mr. President, reserving the right to object, the calendar committee finds that administrative relief is available. While the committee is in complete sympathy with the objectives of the bill, we feel they can be met through administrative relief. I wish to read into the RECORD at this time a letter from the State Department to the Senator from New Mexico [Mr. CHAVEZ] dated June 25, 1957, as follows:

DEPARTMENT OF STATE,
Washington, June 25, 1957.

The Honorable DENNIS CHAVEZ,
United States Senate,

Washington, D. C.

DEAR SENATOR CHAVEZ: I refer to your personal interest in the desire of 10 nuns to emigrate from Spain to Puerto Rico.

An airmail communication has been sent to our Embassy at Madrid today advising the consular officer handling these cases that Spanish first preference quota numbers will be made available during the first quarter of the new fiscal year (July-September) to qualified applicants with petition filing dates prior to January 1, 1957. The cases of the nuns in whom you are interested come within this date. The Embassy was requested to proceed to have the relevant petitions revalidated in order that there would be no delay in the issuance of visas to these nuns when first preference Spanish quota numbers are made available.

The Embassy has been requested to keep the Department informed of all developments in these cases. Upon the receipt of any information from the Embassy regarding these cases, I shall let you know.

Sincerely yours,

ROLLAND WELCH,
Director, Visa Office.

Mr. President, in the light of that letter, and in the light of the knowledge that administrative relief is available, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (H. R. 6191) to amend title II of the Social Security Act, as amended, to extend the period during which an application for a disability determination is granted full retroactivity, and for other purposes, was announced as next in order.

Mr. TALMADGE. Over.

The PRESIDING OFFICER. The bill will be passed over.

COLLECTION AND PUBLICATION OF PEANUT STATISTICS

The bill (S. 609) to amend the act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes, was announced as next in order.

Mr. TALMADGE. Mr. President, I should like to explain the bill.

It would amend the law relating to the collection of peanut statistics, by repealing a requirement for reports from owners or operators of peanut picking or threshing machines. At the time when this requirement was adopted, picking and threshing machines were widely used in all peanut-producing areas, and were generally owned by individual operators or firms who picked and threshed for a large number of farmers. Today, however, the custom use of these machines is being rapidly displaced by individually owned combines with picker attachments. The reports from pickers and threshers are, consequently, now practically useless as a basis for estimating total quantities of peanuts picked and threshed; and collection of data from this source would require expenditures out of all proportion to their real value. Estimates of production of all peanuts picked and threshed, published by the Crop Reporting Board, are based on other survey data, and far exceed the total quantities reported by operators of picking and threshing machines.

The enactment of this measure would not affect the present cost of carrying out the purposes of this act, whereas the full and effective enforcement of the picker and thresher provisions would require additional funds.

THE PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 609) to amend the act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the last sentence of section 1 of the act of June 24, 1936 (chap. 745, 49 Stat. 1898; 7 U. S. C. 951), is amended to read as follows: "All reports shall be submitted monthly in each year except as otherwise prescribed by the Secretary."

SEC. 2. Section 2 of said act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

SEC. 3. Section 3 of said act as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 953), is renumbered section 2 and is amended to read as follows:

"It shall be the duty of each warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner other than the original producer of peanuts to furnish reports, complete and correct to the best of his knowledge, on the quantity of peanuts and peanut oil received, processed, shipped, and owned by him or in his possession. Such reports, when and as requested by the Secretary, shall be furnished within the time prescribed and in accordance with forms provided by him for the purpose. Any person required by this act, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof who shall refuse to give such reports or information or shall willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than one year, or be subject to both such fine and imprisonment."

SEC. 4. Sections 4, 5, 6, and 7 of said act (49 Stat. 1899; 7 U. S. C. 954-7) are renumbered sections 3, 4, 5, and 6, respectively.

MARKETING QUOTAS AND PRICE SUPPORTS FOR CERTAIN TOBACCOS

The bill (H. R. 7259) relating to marketing quotas and price supports for fire-cured, dark air-cured, and Virginia sun-cured tobacco was announced as next in order.

MR. PURTELL. Mr. President, reserving the right to object—although I shall not object—may we have an explanation?

MR. TALMADGE. Mr. President, this bill would make two changes in the marketing quota and price-support law for tobacco.

First, it would make Virginia fire-cured tobacco, type 21, a separate kind of tobacco for marketing quota purposes, but would continue to include it in the same marketing quota referendum with types 22 and 23. The law at present

makes types 21, 22, 23, and 24 a single kind of tobacco; but type 24 is no longer produced. Marketing quotas for the 1958 and subsequent crops of Virginia fire-cured tobacco, type 21, would, under the bill, be determined and proclaimed on the basis of its own supply and demand situation; but growers would approve or disapprove the marketing quotas for all fire-cured tobacco as a "kind" of tobacco in a combined referendum. Two-thirds of all growers of fire-cured tobacco voting in a referendum must favor marketing quotas before acreage allotments and price supports on any fire-cured tobacco would be effective.

Second, the bill would limit price support as prescribed for fire-cured, dark air-cured, and Virginia sun-cured tobacco by the act of July 28, 1945, to an amount not in excess of the higher of first, the 1957 level; or, second, 90 percent of parity. Price support for these tobaccos are now fixed at a percentage of the burley loan rate; and the bill would eliminate any further increase in their support levels arising out of increases in the 10-year moving average price of burley tobacco, until such time as 90 percent of the parity price for the particular tobacco exceeds its 1957 support level.

Enactment of this bill would require no additional expenditure; and could, by reason of holding down support prices, result in some saving to the Government.

In addition to explaining what the bill does, I should like to make clear the purpose of the bill. In providing a separate quota for Virginia fire-cured tobacco, its purpose is to prevent the Virginia allotments from being cut excessively because of rising yields and rising supplies of other fire-cured types of tobacco. In placing a ceiling on the price-support level for the types of tobaccos covered by section 2 of the bill, the purpose is to prevent these types of tobaccos from being priced out of the market. When the price of burley tobacco was fixed on the basis of the old parity formula, the relationships prescribed by the act of July 28, 1945, between the support price for burley and the support price for these other types of tobacco were appropriate. However, since tobacco parity prices are now computed on the modernized parity formula, the moving 10-year average price for burley has resulted in increasing the support price for burley tobacco, and this is resulting in increased support prices for the other types of tobacco which do not truly reflect their demand situations.

MR. PURTELL. I thank the Senator from Georgia.

MR. COOPER. Mr. President, I join the Senator from Georgia in supporting the bill. It has been carefully drawn to help maintain a sound program for the dark leaf tobaccos, which are grown in Kentucky, Tennessee, and Virginia. It provides for a modification of the existing marketing quota and price support provisions for these tobaccos, which would take into account changing conditions and present needs. H. R. 7259 would change existing law in two respects: First, it would treat Virginia fire-cured tobacco, type 21, as a separate kind

of tobacco for marketing-quota purposes, while maintaining as at present a joint referendum for the Virginia and the Kentucky-Tennessee fire-cured tobaccos, types 21, 22, and 23. Second, it would limit price-support levels for fire-cured, dark air-cured, and Virginia sun-cured tobacco to an amount not in excess of the 1957 level or 90 percent of parity, whichever is higher.

Again, as the Senator from Georgia has said, the bill presents an alternative in the case of the price of these tobaccos, which is tied primarily to the support price of burley tobacco.

This bill represents agreement reached by all the parties who are interested in these types of tobacco. It has the approval of the Department of Agriculture, was passed unanimously by the House, and was reported unanimously from the Senate Committee on Agriculture.

I have kept in close touch with Kentucky dark leaf tobacco growers and their associations, with the Kentucky Farm Bureau Federation, with dark tobacco dealers and manufacturers, and with other interested Members of Congress concerning this proposed legislation. I know of no objection raised from any source to this bill. On the contrary, there is general agreement that it is appropriate and timely proposed legislation in the interest of the growers of dark tobacco and the future of the tobacco program.

This is a good bill, and I hope the Senate will pass it.

MR. PRESIDENT, a few minutes ago the Senator from North Carolina [Mr. SCOTT] came to me and said he was called away because of the death of former Governor Cherry, of North Carolina; and the Senator from North Carolina said he wished it to be noted that this bill has his firm support.

MR. PURTELL. Mr. President, I desire to thank the distinguished Senator from Kentucky and also the distinguished Senator from Georgia for the explanations they have given.

We have no objection to the passage of the bill.

THE PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7259) relating to marketing quotas and price supports for fire-cured, dark air-cured, and Virginia sun-cured tobacco was considered, ordered to a third reading, read the third time, and passed.

WEIGHT OF EVIDENCE TO BE GIVEN OF TESTS OF ALCOHOL IN THE BLOOD

The Senate proceeded to consider the bill (S. 969) to prescribe the weight to be given to evidence of tests of alcohol in the blood or urine of persons tried in the District of Columbia for operating vehicles while under the influence of intoxicating liquor, which had been reported from the Committee on the District of Columbia, with amendments, on page 1, line 3, after the word "That", to strike out "if", and insert "(a) if"; on page 2, line 1, after the word "in", to strike out "evidence" and insert

"evidence, based upon a chemical test"; at the beginning of line 3, to strike out "(a)" and insert "(1)"; at the beginning of line 10, to strike out "(b)" and insert "(2)"; in line 19, after the word "liquor", to strike out "and" and insert "or"; at the beginning of line 20, to strike out "(c)" and insert "(3)", and on page 3, after line 2, to strike out:

SEC. 2. (a) Chemical tests: Any person who operates a motor vehicle in the District of Columbia shall be deemed to have given his consent to a chemical test of his blood or urine for the purpose of determining the alcoholic content of his blood or urine: *Provided*, That such test is administered at the direction of a police officer, having reasonable grounds to believe such person to have been driving in an intoxicated condition and in accordance with the rules and regulations established by the Commissioners of the District of Columbia or their designated agent. If such person having been placed under arrest and having thereafter been requested to submit to such chemical test refuses to submit to such chemical test the test shall not be given but the Commissioners or their designated agent shall revoke his license or permit to drive and any nonresident operating privilege: *Provided, however*, That the Commissioners or their designated agent shall grant such person an opportunity to be heard but a license, permit, or nonresident operating privilege may, upon the basis of a sworn report of the police officer that he had reasonable grounds to believe such arrested person to have been driving in an intoxicated condition and that said person had refused to submit to such test, be temporarily suspended without notice pending the determination upon any such hearing, which shall be held within 10 days from date of suspension unless an extension of time be requested by such person. If, as a result of such hearing, it be determined such person did not refuse to submit to such a test, his license or permit and any nonresident operating privilege shall forthwith be restored. The provisions of section 13 of the District of Columbia Traffic Act, 1925, as amended (sec. 40-302, D. C. Code), shall be applicable to revocations under this section.

So as to make the bill read:

Be it enacted, etc., That (a) if as a result of the operation of a vehicle, any person is tried in any court of competent jurisdiction within the District of Columbia for operating such vehicle while under the influence of any intoxicating liquor in violation of section 10 (b) of the District of Columbia Traffic Act, 1925, approved March 3, 1925, as amended (D. C. Code, title 40, sec. 609), and in the course of such trial there is received in evidence, based upon a chemical test, competent proof to the effect that at the time of such operation—

(1) defendant's blood contained five one-hundredths of 1 percent or less, by weight, of alcohol, or that defendant's urine contained eight one-hundredths of 1 percent or less, by weight, of alcohol, such proof shall be deemed prima facie proof that defendant at such time was not under the influence of any intoxicating liquor;

(2) defendant's blood contained more than five one-hundredths of 1 percent, but less than fifteen one-hundredths of 1 percent, by weight, of alcohol, or defendant's urine contained more than eight one-hundredths of 1 percent, but less than twenty one-hundredths of 1 percent, by weight, of alcohol, such proof shall constitute relevant evidence, but shall not constitute prima facie proof that defendant was or was not at such time under the influence of any intoxicating liquor; or

(3) defendant's blood contained fifteen one-hundredths of 1 percent or more, by

weight of alcohol, or defendant's urine contained twenty one-hundredths of 1 percent or more, by weight, of alcohol, such proof shall constitute prima facie proof that defendant at such time was under the influence of intoxicating liquor.

(b) Upon the request of the person who was tested, the results of such test shall be made available to him.

(c) Only a physician acting at the request of a police officer can withdraw blood for the purpose of determining the alcoholic content therein. This limitation shall not apply to the taking of a urine specimen.

(d) The person tested shall be permitted to have a physician of his own choosing administer a chemical test in addition to the one administered at the direction of the police officer.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISCLOSURE OF CHARACTER OF CHARITABLE SOLICITATIONS IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 3400) to provide full and fair disclosure of the character of charitable, benevolent, patriotic, or other solicitations in the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia, with amendments, on page 4, line 1, after the word "the", to insert "financial"; after line 15, to strike out:

(7) to require by regulation that any individual who, as a registrant or as agent or employee of a registrant, desires to solicit shall obtain a solicitor information card, which card shall contain such information and be produced and authenticated in such manner as may be prescribed by regulation; and.

And, in lieu thereof, to insert:

(7) to prescribe by regulation the form of and the information to be contained in the solicitor information cards required by this act, and to prescribe the manner of reproduction and authentication of such cards; and.

On page 5, line 5, after the word "act", to insert "The Commissioners shall, in publishing the results of any such investigation, have power to publish information concerning the officers and members of the governing board of any organization coming within the purview of this act: *Provided*, That such information shall not include membership and contribution lists of any such organization."; on page 6, after line 3, to strike out:

(b) The provisions of subsection (a) of this section and of sections 6 and 7 shall not apply to any person making solicitations (1) solely for religious purposes or (2) exclusively among the membership of the soliciting agency.

After line 7, to strike out:

(c) Whenever any solicitation has been made or is being made or is to be made for religious purposes, but in such manner as, in the opinion of the Commissioners, is intended to give or may give the impression to persons solicited or to the public that the purpose of such solicitation is, in whole or in part, charitable, then the Commissioners, if in their opinion the public interest will be served thereby, shall investi-

gate such solicitation and give publicity to the findings resulting from such investigation in such manner as they may deem to be in the public interest.

After line 17, to insert:

(b) The provisions of this act shall not apply to any person making solicitations, including solicitations for educational purposes, solely for a church or a religious corporation or a corporation or an unincorporated association under the supervision and control of any such church or religious corporation: *Provided*, That such church, religious corporation, corporation or unincorporated association is an organization which has been granted exemption from taxation under the provisions of section 501 of the Internal Revenue Code of 1954: *Provided further*, That such exemption from the provisions of this act shall be in effect only so long as such church, religious corporation, corporation or unincorporated association shall be exempt from taxation under the provisions of section 501 of the Internal Revenue Code of 1954.

On page 7, after line 7, to insert:

(c) The provisions of subsection (a) of this section and sections 5, 6, 7, and 9 shall not apply to any person making solicitations (1) solely for the American National Red Cross or (2) exclusively among the membership of the soliciting agency.

After line 12, to insert:

(d) The Commissioners may by regulation prescribe the terms and conditions under which solicitations in addition to those enumerated in subsection (b) of this section may be exempted from the provisions of subsection (a) of this section and sections 6 and 7: *Provided*, That no exemption granted under authority of this subsection (d) shall exceed for any calendar year \$1,500 in money or property.

On page 8, line 2, after the word "the", to strike out "Commission" and insert "Commissioners"; on page 11, after line 2, to insert:

SEC. 12. (a) No person who is required to obtain a certificate of registration under this act shall, for the purpose of soliciting contributions, use the name of any other person, except that of an officer, director, or trustee of the organization for which contributions are solicited, without the written consent of such other person.

After line 8, to insert:

(b) A person shall be deemed to have used the name of another person for the purpose of soliciting contributions if such latter person's name is listed on any stationery, advertisement, brochure, or correspondence in or by which a contribution is solicited by or on behalf of a charitable organization or his name is listed or referred to in connection with a request for a contribution as one who has contributed to, sponsored, or endorsed the charitable organization or its activities.

After line 17, to insert:

(c) Nothing contained in this section shall prevent the publication of names of contributors without their written consents, in an annual or other periodic report issued by a charitable organization for the purpose of reporting on its operations and affairs to its membership or for the purpose of reporting contributions to contributors.

In line 24, after "Sec.", to strike out "12" and insert "13. (a)"; on page 12, after line 5, to insert:

(b) Prosecutions for violations of this act, or the regulations made pursuant thereto, shall be conducted in the name of

House - July 1, 1957

17. ADVISORY COMMITTEES. Passed over, on objection by Rep. Cunningham, Iowa, H.R. 7390, to amend the Administrative Expense Act so as to establish standards for certain advisory committees. p. 9537
18. TRANSPORTATION. Passed without amendment S. 937, to amend Sec. 4 of the Interstate Commerce Act so as to eliminate the necessity of ICC approval of certain rate publications. (p. 9537) This bill will now be sent to the President.
The Interstate and Foreign Commerce Committee reported with amendment H.R. 3233, to amend Sec. 22 of the Interstate Commerce Act so as to provide for transportation of Federal property free or at reduced rates (H. Rept. 677). p. 9579
19. FORESTRY. Passed with ^{out} amendment S. 45, to authorize the sale to the village of Central, N. Mex., of certain lands administered by the Forest Service which were formerly a part of the Ft. Bayard Military Reservation. A similar bill, H.R. 7520, was laid on the table. (pp. 9538-39) This bill will now be sent to the President.
Passed without amendment H.R. 3358, to supplement the land grant provisions of the Alaska Mental Health Enabling Act to permit the selection of certain public lands in Alaska; and H.R. 7864, to amend the Act of May 4, 1956 relative to the establishment of public recreational facilities in Alaska. p. 9539
20. PEANUTS. Passed as reported H.R. 6764, to amend the Act of June 24, 1934 so as to delete the requirement for reports from persons owning or operating peanut picking or threshing machines. The language of the bill was then substituted for the language of a similar bill, S. 609, which was passed. H.R. 6764 was laid on the table. p. 9540
21. ACCOUNTING. Passed with amendment H.R. 8195, to facilitate the payment of Government checks. (pp. 9542-43) This bill had been reported with amendment earlier by the Government Operations Committee (H. Rept. 666). (p. 9579)
22. FOREIGN AID. Agreed to S. Con. Res. 30, to print a compilation of studies and reports prepared by the Special Committee to Study the Foreign Aid Program. p. 9544
Rep. Hiestand urged establishment of a Joint Committee to study the foreign aid program because of the importance of such spending upon inflation and the budget. p. 9570
Rep. Hosmer urged an adequate mutual security program. pp. 9577-8
The Foreign Affairs Committee ordered reported with amendments S. 2130, the mutual security authorization bill. p. D602
23. ATOMIC ENERGY. Passed with amendments H.R. 7383, to provide indemnity and liability for nuclear accidents. pp. 9545, 9548, 9550-66
24. SURPLUS COMMODITIES. The Fisheries and Wildlife Subcommittee ordered reported with amendments to the Merchant Marine and Fisheries Committee H.R. 6959, to authorize the use of CCC surplus commodities to augment the food supplies for migratory waterfowl. p. D602
25. RICE. The Rice Subcommittee ordered reported with amendments to the Agriculture Committee H.R. 4709, to provide that rice acreage history not be developed by planters who plant without acreage allotments, and announced that a clean bill is to be introduced. p. D601

26. OLEOMARGARINE. A subcommittee ordered reported with amendments to the Armed Services Committee H.R. 912, to provide for the serving of oleomargarine or margarine in the Navy ration. p. D601

ITEMS IN APPENDIX

27. COTTON. Sen. Talmadge inserted an American Cotton Manufacturers Institute, Inc., statement of fundamentals regarding a United States Government cotton policy in which it "enunciated" certain basic provisions which the textile industry believes should be embodied in any new cotton program. pp. A5218-9
28. TRANSPORTATION. Sens. Wiley and Magnuson inserted award winning essays on, "The American Merchant Marine: Its Importance to the American Farmer-Miner-Manufacturer in World Trade." pp. A5220-1, A5256-7
29. FARM PROGRAM. Rep. Gathings inserted an editorial discussing the administration's farm program, and stating that "the strangest phase of the spectacle lies in the fact that Mr. Benson is so obviously concerned about the processors of farm commodities, rather than the farmers themselves." pp. A5222-3
Rep. Wharton inserted an article, "Says Government Spending Must be Reduced," setting forth the views of a N.Y. local farm bureau unit on the present farm situation and their reaction after "20-years of so-called farm programs." pp. A5223-4
30. PERSONNEL. Reps. Lane and Multer inserted their statements before the House Post Office and Civil Service Committee in support of legislation to provide for increased annuities for retired Federal employees. pp. A5223, A5246-7
31. POULTRY. Extension of remarks of Rep. Burdick in support of legislation for compulsory poultry inspection. pp. A5232-3
32. SECURITY. Sen. Cotton inserted an article analyzing the recommendations of the Commission on Government Security. p. A5243
33. INFLATION. Sen. Thye inserted an article, "Events May Force Action on Inflation" pp. A5243-4
34. INSECTICIDES. Rep. Patman inserted an article, "The Story of Insecticides," outlining the story of chemical insecticides and their effects on the human body. pp. A5244-5
35. STATEHOOD. Extension of remarks of Rep. Miller, Nebr., summarizing the history of Alaska and urging action on proposed Alaska statehood legislation. pp. A5249-51
36. INTEREST RATES; ELECTRIFICATION. Rep. Johnson criticized the proposed increase in REA loans and inserted various Dairyland Power Cooperative resolutions urging "stable and fair interest rates." pp. A5255-6

BILLS INTRODUCED

37. WHEAT QUOTAS. H.R. 8455 and H.R. 8456, by Rep. Anfuso, to amend the Agricultural Adjustment Act of 1938, as amended, to exempt certain wheat producers from liability under the act where all the wheat crop is fed or used for seed or food on the farm; to Agriculture Committee.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 45, be considered in lieu of the House bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That, subject to section 2 of this act, the Secretary of Agriculture is authorized and directed to sell, at market value as determined by him, and to convey to the village of Central, in the State of New Mexico, for the purpose of residential and business development, the following described lands, formerly part of the Fort Bayard Military Reservation, Grant County, N. Mex., comprising approximately fifty-eight and thirty-one one-hundredths acres situated in the north half of the south half of the southeast quarter of section 34, township 17 south, range 13 west, and in the north half of the south half of section 35, township 17 south, range 13 west, New Mexico principal meridian, more particularly described by metes and bounds as follows:

Beginning at a point located at the intersection of the south right-of-way line of United States Highway 260 and the south boundary of the Fort Bayard Military Reservation, from which the Fort Bayard Military Reservation 1-mile marker bears north 89 degrees 59 minutes east, 30.65 feet distant; Thence along the south right-of-way line of United States Highway 260 as follows:

First, along a circular curve to the left, the radius being 1,332.5 feet and the long chord being 1,078.87 feet in length and bearing north 58 degrees 47 minutes west;

Thence along a transition curve to the left, the long chord being 287.83 feet in length and bearing north 86 degrees 48 minutes west;

Thence north 88 degrees 38 minutes west, 1,067.69 feet;

Thence along a circular curve to the left, the radius being 8,494.42 feet and the long chord being 2,364.46 feet in length and bearing south 83 degrees 18 minutes west;

Thence south 75 degrees 18 minutes west, 1,309.49 feet to a point of intersection of the south right-of-way line of United States Highway 260 and the south boundary of the Fort Bayard Military Reservation;

Thence leaving said right-of-way, along the south boundary of the Fort Bayard Military Reservation as follows:

North 89 degrees 17 minutes east, 654.26 feet to the Fort Bayard Military Reservation 2-mile marker;

Thence north 89 degrees 59 minutes east, 2,629.90 feet to the Fort Bayard Military Reservation 1½-mile marker;

Thence north 89 degrees 59 minutes east, 2,610.00 feet to the point of beginning.

Sec. 2. The conveyance authorized by this Act (1) shall provide that the described land shall not be used in a manner incompatible with the proper and effective operation of the Veterans' Administration hospital at Fort Bayard, N. Mex., and if any parcel or lot shall ever be used in such manner, the title to such parcel or lot shall revert to the United States, which shall have the immediate right of reentry thereon, provided that such reversion shall terminate in the event the Veterans' Administration ceases operation of the hospital, (2) shall protect existing valid rights, (3) shall reserve easements for existing facilities such as roads, telephone lines, pipelines, electric power transmission lines, or other facilities or improvements in place, and shall reserve such easements for roads as the Secretary of Agriculture finds necessary to assure access to land of the United States or to meet public needs, (4) shall reserve to the United States all mineral rights, including gas and oil, in the land so

conveyed, and (5) may contain such additional terms, conditions, reservations, and restrictions as may be determined by the Secretary of Agriculture or the Administrator of Veterans' Affairs to be necessary to protect the interests of the United States.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 7520) was laid on the table.

SUPPLEMENTING THE LAND-GRANT PROVISIONS OF THE ALASKA MENTAL HEALTH ENABLING ACT

The Clerk called the bill (H. R. 3358) to supplement the land-grant provisions of the Alaska Mental Health Enabling Act.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provisions of subsection (a) of section 202 of the Alaska Mental Health Enabling Act of July 28, 1956 (70 Stat. 712), no lease, permit, license, or contract which has been issued under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437; 30 U.S.C., sec. 181 and the following), as amended, or under the Alaska Coal Leasing Act of October 20, 1914 (38 Stat. 741; 30 U.S.C., sec. 432 and the following), as amended, and which is in effect on the date of approval of this act shall prevent the Territory of Alaska from selecting under said section 202 the lands subject to such lease, permit, license, or contract: *Provided*, That an application to select such lands is filed with the Secretary of the Interior within a period of 5 years after the date of approval of this act: *And provided further*, That such selections shall be made only from lands that are otherwise open to selection under said section 202. Such selections shall include the entire area that is subject to each lease, permit, license, or contract involved in the selections. Any patent for such lands shall vest in the Territory of Alaska all right, title, and interest of the United States in and to any such lease, permit, license, or contract that remains outstanding on the effective date of the patent, including the right to all rentals, royalties, and other payments accruing after that date under such lease, permit, license, or contract, and including any authority that may have been retained by the United States to modify the terms and conditions of such lease, permit, license, or contract: *Provided*, That nothing herein contained shall affect the continued validity of any such lease, permit, license, or contract or any rights arising thereunder.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

PUBLIC RECREATIONAL FACILITIES IN ALASKA

The Clerk called the bill (H. R. 7864) to amend the act of May 4, 1956 (70 Stat. 130), relating to the establishment of public recreational facilities in Alaska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act of May 4, 1956 (70 Stat. 130), is hereby amended by inserting in place of the word "transfer" in the first sentence thereof the words "conveyance or other disposition", and by deleting the entire third sentence and

substituting therefor the following sentence: "Upon such terms and conditions as he may consider to be in the public interest, the Secretary may convey, or otherwise dispose of, to appropriate territorial agencies and communities such of the aforesaid public facilities and land relating thereto as he shall deem in the public interest."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING THE SECRETARY OF THE INTERIOR TO CONSUMMATE LAND EXCHANGES

The Clerk called the bill (H. R. 2170) to authorize the Secretary of the Interior to consummate desirable land exchanges.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized to accept from grantors title to non-Federal land and interests in land, together with improvements thereon, situated within or adjacent to the Great Smoky Mountains National Park, and in exchange therefor, to convey by deed on behalf of the United States to the aforesaid grantors, land or interests therein, together with improvements thereon, situated within the Great Smoky Mountains National Park: *Provided*, That such exchanges may be made without additional compensation by either party to the exchange when the properties to be exchanged are of approximately equal value; however, when the properties are not of approximately equal value, as may be determined by the Secretary, an additional payment of funds shall be required by the Secretary or by the grantor of non-Federal properties, as the case may be, in order to make an equal exchange, and the Secretary is authorized to use any land acquisition funds relating to the national-park system for such purposes: *Provided further*, That not more than 200 acres of park land shall be conveyed pursuant to the aforesaid exchange authority. All properties acquired by the United States pursuant to this act shall become a part of the Great Smoky Mountain National Park upon acquisition thereof. Properties conveyed by the United States pursuant to this act shall thereafter be excluded from the park and any Federal regulation or control thereof for park purposes.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYANCE OF LANDS TO STATE OF TENNESSEE

The Clerk called the bill (H. R. 4115) to authorize the conveyance of certain lands in Shiloh National Military Park to the State of Tennessee for the relocation of highways, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in order that existing roads within Shiloh National Military Park may be devoted primarily to use by park visitors and that traffic hazards and nonconforming uses may be eliminated from the park by providing a more suitable road location and related area for the highways designated State routes Nos. 22 and 142, which now traverse the central portion of the park, the Secretary of the Interior is

authorized to convey certain lands within Shiloh National Military Park on the terms and conditions hereinafter provided.

SEC. 2. The Secretary may convey to the State of Tennessee for road purposes a right-of-way located in Hardin County, Tenn., as shown on National Park Service map NMP-SH-7006, revised June 1956, being a minimum of 120 feet and a maximum of 140 feet in width, and a length of approximately 18,900 feet, said, right-of-way containing approximately 51 acres: *Provided*, That, in exchange, the State constructs and thereafter maintains a roadway on said lands and thereupon releases those portions of the present highways within the park designated State routes Nos. 22 and 142 from such designation and subsequent use for State highway purposes.

SEC. 3. The Secretary may convey to the State of Tennessee for use as a recreational area contiguous and incident to the relocated State Route No. 22 certain lands situated in Hardin County, Tenn., as shown on National Park Service map NMP-SH-7006, revised June 1956, and designated thereon as parcel A, said lands containing 151 acres, more or less: *Provided*, That in exchange the lands so conveyed shall be developed and used exclusively by the State or its political subdivisions for recreational purposes only, thereby removing certain incompatible uses from the military park.

SEC. 4. Upon the delivery and acceptance of the conveyance herein authorized, any jurisdiction heretofore ceded to the United States by the State of Tennessee over the lands conveyed shall thereby cease and determine and shall thereafter vest and be in the State of Tennessee.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDATORY CONTRACT WITH NORTHPORT IRRIGATION DISTRICT, NEBRASKA

The Clerk called the bill (H. R. 3071) to authorize the Secretary of the Interior to enter into and to execute amendatory contract with the Northport Irrigation District, Nebraska.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized to enter into a contract with the Northport Irrigation District, Nebraska, amendatory of the contract between said district and the United States dated August 19, 1948, which amendatory contract shall provide, among other things, for (1) the relinquishment by the district of any interest that it may have in all present and potential power revenues from or related to the North Platte Federal reclamation project, (ii) application by the United States of the consideration for said relinquishment, namely \$479,602, in amounts of not more than \$8,000 per annum toward payment of the annual cost of carrying the district's water through the Farmers' Irrigation District canal, and (iii) retention by the United States of that portion of miscellaneous project revenues which the Secretary determines are properly creditable to the district, which revenues shall be covered into the special deposit account established by section 4 of the act of July 17, 1952 (66 Stat. 754, 755), and expended for the purposes and in the manner therein provided.

SEC. 2. Nothing contained in this act shall be construed to diminish or enlarge the adjusted construction charge obligations of the Gering and Fort Laramie, the Goshen, and the Pathfinder Irrigation Districts, or any other party as set forth in the contracts between the United States and said districts

and parties which were approved by the act of July 17, 1952, or which have been or shall be entered into pursuant to the authority contained in said act or to alter the basis upon which said adjusted construction charge obligations have been or shall be computed. The share of each participant in the cost of operating and maintaining the reserved works of the North Platte project shall be computed by the Secretary on the basis of the project acreages in the Fort Laramie and Interstate divisions as set forth in the aforementioned district contracts and 16,170 acres in the Northport division, but said basis of computation shall not entitle the Northport Irrigation District to any larger amount of credit from miscellaneous project revenues than is consistent with the amounts apportioned to the other districts and parties in accordance with the aforesaid contracts.

SEC. 3. The heading "Northport Division" in section 26 of the act of May 25, 1926 (44 Stat. 636, 642) and paragraph (a) thereunder are hereby repealed, but this repeal shall not affect the obligation of the Northport Irrigation District as expressed in its contract with the United States dated August 19, 1948.

SEC. 4. The paragraph under the heading "Appropriation of Certain Payments" in that portion of chapter VII, title I, of the act of September 6, 1950, which pertains to the Bureau of Reclamation (64 Stat. 595, 689) is hereby amended to read as follows:

"The Secretary may, without further appropriation, pay from the reclamation fund to the Farmers' Irrigation District, Nebraska, such sums, but not more than \$8,000 per annum, as are required for water carriage in accordance with contracts between the United States and the Northport Irrigation District authorized by and entered into pursuant to law. The authority contained in this paragraph shall expire when the total of such payments shall be \$479,602."

With the following committee amendment:

Page 4, following line 6, add a new section to read as follows:

"SEC. 5. The amount of \$479,602 stated in section 1 of this act and in the paragraph of the act of September 6, 1950, which is amended by section 4 of this act shall be reduced by whatever amount of net power revenues may have accrued to the benefit of the Northport Irrigation District after June 30, 1956."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COLLECTION OF PEANUT STATISTICS

The Clerk called the bill (H. R. 6764) to amend the act of June 24, 1956, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the last sentence of section 1 of the act of June 24, 1936 (ch. 745, 49 Stat. 1898; 7 U. S. C. 951), is amended to read as follows: "All reports shall be submitted monthly in each year, except as otherwise prescribed by the Secretary."

SEC. 2. Section 2 of said act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

SEC. 3. Section 3 of said act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 953), is renumbered section 2 and is amended to read as follows:

"It shall be the duty of each warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner other than the original producer of peanuts to furnish reports, complete and correct to the best of his knowledge, on the quantity of peanuts and peanut oil received, processed, shipped, and owned by him or in his possession. Such reports, when and as requested by the Secretary, shall be furnished within the time prescribed and in accordance with forms provided by him for the purpose. Any person required by this act, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof, who shall refuse to give such reports or information or shall willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than 1 year, or be subject to both such fine and imprisonment."

SEC. 4. Sections 4, 5, 6, and 7 of said act (49 Stat. 1899; 7 U. S. C. 954-7) are renumbered sections 3, 4, 5, and 6, respectively.

With the following committee amendments:

Page 2, beginning on line 2, strike out "Is renumbered section 2 and."

Page 2, line 16, insert a comma after the words "or employee thereof."

Page 2, beginning on line 22, strike out all of section 4.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ALBERT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 609) to amend the act of June 24, 1936, as amended—relating to the collection and publication of peanut statistics—to delete the requirement for reports from persons owning or operating peanut-picking or threshing machines, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma

There was no objection.

The Clerk read the Senate bill.

Mr. ALBERT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ALBERT: Strike out all after the enacting clause and insert the provisions of the bill H. R. 6764 as passed.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

The proceedings by which the bill (H. R. 6764) was passed were vacated and the bill was laid on the table.

CONVEYANCE OF CERTAIN REAL PROPERTY OF THE UNITED STATES TO THE FORMER OWNERS THEREOF

Mr. BROOKS of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 6182) to provide for the conveyance of certain real property of the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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For actions of July 2, 1957

85th-1st, No. 115

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HIGHLIGHTS: Senate agreed to bill to delete certain peanut picker statistical reports. Senate received nomination of Paarlberg to be Assistant Secretary. Conferees agreed to file report on bill to extend Public Law 480. House Rules Committee cleared bill to extend Reorganization Act.

HOUSE

1. SURPLUS DISPOSAL; FOREIGN TRADE. The conferees agreed to file a conference report on S. 1314, to extend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). p. D611
2. ORGANIZATION. The Rules Committee reported a resolution for consideration of H.R. 8364, to amend the Reorganization Act of 1949 so as to make the Act applicable to reorganization plans transmitted to Congress at any time before June 1, 1959. p. 9693
3. MILITARY CONSTRUCTION. The Rules Committee reported a resolution for consideration of H.R. 8240, to authorize certain construction at military installations, including a provision for the use of foreign currencies acquired under Public Law 480 for the construction of military family housing units in foreign countries. p. 9693
4. CIVIL DEFENSE. The Armed Services Committee ordered reported H.R. 7576, to amend the Federal Civil Defense Act of 1950 so as to provide for contributions to the States for certain civil defense purposes. p. D610

Senate - July 2,

5. ELECTRIFICATION. A subcommittee of the Interior and Insular Affairs Committee recommended to the full Committee that H.R. 5, to authorize the construction of the Hells Canyon Dam, not be reported. p. D610
6. CCC GRAIN. The Merchant Marine and Fisheries Committee considered and tabled H.R. 6959, to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the augmentation of natural food supplies for migratory waterfowl by requisitioning grain from CCC for supplying such agencies to feed such waterfowl. p. D611
7. PUBLIC RECORDS. The Judiciary Committee ordered reported with amendment H.R. 7915, to require the consent of the Attorney General to produce certain public records in any civil or criminal proceeding. p. D610
8. FARM PROGRAM. Rep. McGovern criticized certain statements made by Rep. Berry concerning responsibility for the level of price supports for agricultural commodities. p. 9679
9. ACCOUNTING. Passed with amendment S. 1799, to facilitate the payment of Government checks, after substituting the language of a similar bill, H.R. 8195, which passed the House on July 1. p. 9680
10. FOREIGN AID. Received from the Director of ICA an interim report on major changes in the mutual security program as required by Public Law 665, 85th Congress. p. 9693
11. ADJOURNED until Fri., July 5. No business is to be transacted on Fri. and the House will adjourn over to Mon., July 8. pp. 9680, 9693

SENATE

12. PEANUTS. Agreed to the House amendment to S. 609, to delete certain reports from persons owning or operating peanut picking or threshing machines. (p. 9764) This bill will now be sent to the President.
13. NOMINATIONS. Received the nomination of Don Paarlberg to be Assistant Secretary of Agriculture for Marketing and Foreign Agriculture. p. 9771
14. APPROPRIATIONS. Passed with amendments H.R. 7665, the Defense Department appropriation bill for 1958. Conferees were appointed. pp. 9709, 9733-64
15. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments S. 977, to suspend and modify the application of the excess land provisions of the Federal reclamation laws to lands in the East Bench unit, Missouri River Basin project (S. Rept. 574). p. 9698
16. PERSONNEL. Sen. Morton urged enactment of S. 2317, to establish a commission to study the compensation of Federal employees, pointing to the value of the Cordiner Committee's report. p. 9701
17. WHEAT; SOIL BANK. Sen. Neuberger expressed his misgivings about the soil bank program, urged a two price plan for wheat instead, and inserted an article "Soil Bank Proves Costly in Wheat." pp. 9770-1

Mr. McCLELLAN. May I inquire about the amendment beginning with line 4, page 8, and extending through line 7?

The PRESIDING OFFICER. The amendment beginning on line 4 and continuing through line 7 was agreed to.

Mr. McCLELLAN. I thank the Chair. I do not wish to argue the amendment; but since some remarks were made in opposition to the amendment this afternoon, I simply wish to place in the RECORD some documentary facts in support of the amendment, since it may go to conference.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a telegram I received yesterday from Colonel Westervelt, commanding the Army-Navy Hospital at Hot Springs, Ark.; a telegram I received yesterday from Dr. Goode, manager of the Veterans Hospital at Little Rock; and a telegram I received yesterday from the commanding officer of the Little Rock Air Force Base.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

HOT SPRINGS, ARK., July 1, 1957.

Hon. JOHN L. McCLELLAN,
United States Senate,

Washington, D. C.:

In answer to your telephonic request there are 94 patients in Army-Navy Hospital today. Of these 60 are active duty Army personnel; 11 are active duty Air Force personnel, of whom 10 are from Little Rock Air Base; 7 retired Army personnel; 2 retired United States Navy Marine Corps; 14 dependents of military personnel, Little Rock Air Force Base has averaged approximately 7 active-duty patients this hospital during past year Little Rock Air Force Base is sending some patients to Veterans' Administration facility in Little Rock and is sending a considerable number of patients to various Air Force Hospitals, among them probably Barksdale Air Force Base, Shreveport, La., and Sheppard Air Force Base, Wichita Falls, Tex.

WESTERVELT,

Commanding, Army-Navy Hospital.

LITTLE ROCK, ARK., July 1, 1957.

Hon. JOHN L. McCLELLAN,
Senate Office Building,

Washington, D. C.

Since the activation of the Jacksonville Air Force Base we have admitted 712 of their servicemen as patients. An additional 1,234 have received treatment on an outpatient basis. Our average daily patient load is 423.

DELMAR GOODE, M. D.

Manager.

WASHINGTON, D. C., July 1, 1957.

Senator JOHN L. McCLELLAN,
United States Senate,

Washington, D. C.

Priority 012240Z, action Senator JOHN L. McCLELLAN, care of Senate Chambers, United States Senate, Washington, D. C., Information Director of Legislative Liaison, Office of Secretary of the Air Force, Washington, D. C., CINCSAC, OFFUTT, AFB, Nebr., COM AF 2, Barksdale AFB, La., unclas C-5818, attn., Chief of Staff, Barksdale: Reference your conversation with Colonel Strauss this date. Medical records of this installation are incomplete prior to January 1, 1956, disposition of patients during period from January 1, 1956, to this date was as follows: To Veterans' Administration Hospital, Little Rock, Ark., 374; to Army and Navy Hospital,

Hot Springs, Ark., 179; to Sheppard AFB, Tex., 61; to Lackland AFB, San Antonio, Tex., 33; to Barksdale AFB, La., 0; to Memphis, Tenn., 0; to Wolters AFB, Tex., 0; to other hospitals for specialized treatment such as tubercular cases, etc., TIM of 2,089 patients this station, 705 were assigned to hospitals as indicated in foregoing with the remaining 1,384 patients being treated at our station dispensary.

COMADIV 825,

Little Rock AFB, Ark.

Mr. McCLELLAN. Mr. President, I call attention to the fact that while an effort is being made to close the hospital at Hot Springs, the Air Force Base at Little Rock sent more than 300 patients to the veterans' hospital at Little Rock, instead of using the Army-Navy hospital, and paid \$17.50 a day per patient for that service.

It has bypassed the hospital at Hot Springs and has sent 61 patients to Sheppard Air Force Base, Tex., 350 miles away.

It has sent 33 patients to Lackland Air Force Base, 510 miles away. There is a request now before Congress to increase the facilities at that base by 500 beds.

I do not like to ask a favor for my State, and I am not; but there is a request from the Army for 9 new installations or additions to hospital installations, estimated to cost \$56,383,000.

From the Department of the Air Force, there is a request for 12 new additions to installations in the United States and 1 overseas. Those in the United States total 1,790 beds, at a cost of \$41,809,000.

There are pending before the Congress requests from the Veterans' Administration for 17 new facilities or additions to facilities, to provide 10,970 beds. I do not know the cost involved; but with the two increases I have stated, there are before the Congress requests for over \$150 million for the construction of new hospital facilities for these agencies and services.

The hospital at Hot Springs, Ark., so Senators will be told, when the witnesses are pressed about the matter—and I asked General Hays this question, and he admitted it—is the best facility in continental United States; only one better one is owned by the Government, and it is in Hawaii. The patients being sent to hospitals by the Veterans' Administration could very well be sent to a hospital only 160 miles away. But that hospital is being bypassed, and the veterans are being sent 350 miles away or more than 500 miles away.

When this measure is referred to as an economy measure, I point out that the economical way to proceed is to make the agency use the existing facilities, and to stop the construction of more.

Mr. CHAVEZ. Mr. President, I think I know the subject to which the Senator from Arkansas has been referring. Although I do not come from Arkansas, I ask why a new hospital should be built, if an existing hospital is already available.

In other words, I am in favor of the amendment to which the Senator from Arkansas has referred.

Mr. McCLELLAN. Mr. President, the witnesses were asked what they wished to do with that hospital. They wish to close it and put it in mothballs. Then what will be done with it? It will be declared to be surplus. Then what will happen to it? The Air Force and the Army and the Navy and the Veterans' Administration will say they do not want it. Then what will be done with it? It will be turned into a bat roost. What will happen to it then? An effort will be made to sell it. Who will wish to pay anything for it?

I say that unless the hospital is operated as it should be, instead of being turned into a bat roost, the Federal Government should deed it to the State of Arkansas, and let the State of Arkansas see what it can do with it, and thus insure that the taxpayers who paid for the construction of the hospital and paid to equip it will get some benefit from it.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. HUMPHREY. Mr. President, before the final vote on the bill is taken, let me say that in the light of the arguments I have heard about the necessity for economy, I should like to ask one of the members of the Appropriations Committee what the final vote was in the committee on the bill, as reported by the committee to the Senate. Will the Senator from New Mexico please reply?

Mr. CHAVEZ. I shall be glad to reply. There was not a vote against it.

Mr. HUMPHREY. Mr. President, when the Senate has before it a bill with hearings comprising 1,574 pages; and when, according to the statement of the chairman of the subcommittee, no votes were cast against the bill in the committee, it appears to me that the arguments which have been made in favor of the bill must be rather valid.

I am not saying there cannot be differences of point of view regarding the bill. Indeed there can be, and such differences in point of view have been expressed.

In the case of a bill involving more than \$34 billion and the subject of hearings which comprise more than 1,500 pages, and when the bill involves the security of the country, I think it fair to say that one should resolve his doubts in favor of the action taken by the committee.

The PRESIDING OFFICER. The bill having been read the third time, the question now is, Shall the bill pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Rhode

Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Texas [Mr. JOHNSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from West Virginia [Mr. NEELY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I further announce that the Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from Oklahoma [Mr. MONRONEY] is absent because of illness.

I also announce, if present and voting, all of the above listed Senators would vote "yea."

Mr. DIRKSEN. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from New York [Mr. IVES], the Senator from North Dakota [Mr. LANGER], and the Senator from Maine [Mr. PAYNE] are absent because of illness.

The Senator from Indiana [Mr. JENNER] and the Senator from Kansas [Mr. SCHOEPPEL] are necessarily absent.

The Senator from Nevada [Mr. MALONE] is absent on official business.

The Senator from Maryland [Mr. BUTLER] and the Senator from Vermont [Mr. FLANDERS] are detained on official business.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], the Senator from Vermont [Mr. FLANDERS], the Senator from New York [Mr. IVES], the Senator from Nevada [Mr. MALONE], the Senator from Maine [Mr. PAYNE], and the Senator from Kansas [Mr. SCHOEPPEL] would each vote "yea."

The result was announced—yeas 74, nays 0, as follows:

YEAS—74

Aiken	Fulbright	Mundt
Allott	Goldwater	Neuberger
Barrett	Gore	O'Mahoney
Beall	Hayden	Pastore
Bennett	Hickenlooper	Potter
Bible	Hill	Purtell
Bricker	Holland	Revercomb
Bush	Hruska	Robertson
Capehart	Humphrey	Russell
Carlson	Jackson	Saltonstall
Carroll	Javits	Scott
Case, N. J.	Johnston, S. C.	Smathers
Case, S. Dak.	Kefauver	Smith, Maine
Chavez	Kerr	Smith, N. J.
Church	Knowland	Sparkman
Clark	Kuchel	Stennis
Cooper	Lausche	Talmadge
Cotton	Long	Thurmond
Curtis	Magnuson	Thye
Dirksen	Mansfield	Watkins
Douglas	Martin, Iowa	Wiley
Dworshak	Martin, Pa.	Williams
Ellender	McClellan	Yarborough
Ervin	McNamara	Young
Frear	Morton	

NOT VOTING—21

Anderson	Hennings	Monroney
Bridges	Ives	Morse
Butler	Jenner	Murray
Byrd	Johnson, Tex.	Neely
Eastland	Kennedy	Payne
Flanders	Langer	Schoeppe
Green	Malone	Symington

So the bill (H. R. 7665) was passed.

Mr. MANSFIELD. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CHAVEZ, Mr. HAYDEN, Mr. RUSSELL, Mr. HILL, Mr. BYRD, Mr. SALTONSTALL, Mr. BRIDGES, and Mr. YOUNG conferees on the part of the Senate.

ORDER FOR ADJOURNMENT TO NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight it adjourn to meet at 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM WEDNESDAY TO FRIDAY AND FROM FRIDAY TO MONDAY

Mr. MANSFIELD. Mr. President, for the information of the Senate, I wish to announce that the Senate will meet at 12 o'clock noon tomorrow, and the next meeting will be on Friday. When the Senate meets on Friday, it will convene and adjourn. There will be no speeches and no insertions in the RECORD.

So at this time I ask unanimous consent that on Wednesday, July 3, 1957, at the conclusion of its business on that day the Senate adjourn until 12 o'clock noon on Friday, July 5, 1957, and that immediately upon the convening of the Senate on that day the Presiding Officer shall, without the transaction of any business or debate, declare the Senate adjourned until Monday, July 8, 1957, at 12 o'clock noon.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

LEGISLATIVE PROGRAM

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HICKENLOOPER. The Senator did not announce what the business for tomorrow will be.

Mr. MANSFIELD. I am coming to that.

For tomorrow, in addition to the announcements made last night, the Senate will consider Calendar No. 462, H. R. 6191, amending the Social Security Act relative to disability applications; and Calendar No. 341, S. 943, to amend section 218 (a) of the Interstate Commerce Act.

The Senate may consider Calendar No. 576, S. 1386, relating to power brakes on trains.

DELETION OF REQUIREMENT FOR REPORTS FROM CERTAIN PERSONS RELATING TO COLLECTION AND PUBLICATION OF PEANUT STATISTICS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 609) to amend the act of June 24, 1936, as amended (relating to the collection

and publication of peanut statistics), to delete the requirements for reports from persons owning or operating peanut picking or threshing machines, and for other purposes, which was, to strike out all after the enacting clause and insert:

That the last sentence of section 1 of the act of June 24, 1936 (ch. 745, 49 Stat. 1898; 7 U. S. C. 951), is amended to read as follows: "All reports shall be submitted monthly in each year, except as otherwise prescribed by the Secretary."

SEC. 2. Section 2 of said act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

SEC. 3. Section 3 of said act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 953), is amended to read as follows:

"It shall be the duty of each warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner other than the original producer of peanuts to furnish reports, complete and correct to the best of his knowledge, on the quantity of peanuts and peanut oil received, processed, shipped, and owned by him or in his possession. Such reports, when and as requested by the Secretary, shall be furnished within the time prescribed and in accordance with forms provided by him for the purpose. Any person required by this act, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof, who shall refuse to give such reports or information or shall willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than 1 year, or be subject to both such fine and imprisonment."

Mr. ELLENDER. Mr. President, I have discussed the House amendment with the distinguished majority leader and with the distinguished minority leader. They have no objection to the immediate consideration of the amendment. The House amendment is technical only. It eliminates the renumbering of sections, which I understand will make the job of the compilers of the United States Code easier. The House proposal is satisfactory to both the State of Virginia and the State of Georgia.

I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

EXTENSION OF TIME FOR CONSTRUCTION OF TOLL BRIDGE ACROSS RAINY RIVER NEAR BAUDETTE, MINN.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1054) to extend the times for commencing and completing the construction of a toll bridge across the Rainy River at or near Baudette, Minn., which was, after line 12, to insert:

Sec. 2. The amendments made by the first section of this act shall take effect as of June 15, 1957.

Mr. THYE. Mr. President, the bill would extend the times for commencing

Public Law 85-105
85th Congress, S. 609
July 17, 1957

AN ACT

71 Stat. 306.

To amend the Act of June 24, 1936, as amended (relating to the collection and publication of peanut statistics), to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 1 of the Act of June 24, 1936 (chapter 745, 49 Stat. 1898; 7 U. S. C. 951), is amended to read as follows: "All reports shall be submitted monthly in each year, except as otherwise prescribed by the Secretary."

Peanut
statistics.

SEC. 2. Section 2 of said Act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 952), is repealed.

SEC. 3. Section 3 of said Act, as amended (49 Stat. 1899; 52 Stat. 349; 7 U. S. C. 953), is amended to read as follows:

"It shall be the duty of each warehouseman, broker, cleaner, sheller, dealer, growers' cooperative association, crusher, salter, manufacturer of peanut products, and owner other than the original producer of peanuts to furnish reports, complete and correct to the best of his knowledge, on the quantity of peanuts and peanut oil received, processed, shipped, and owned by him or in his possession. Such reports, when and as requested by the Secretary, shall be furnished within the time prescribed and in accordance with forms provided by him for the purpose. Any person required by this Act, or the regulations promulgated thereunder, to furnish reports or information, and any officer, agent, or employee thereof, who shall refuse to give such reports or information or shall willfully give answers that are false and misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 nor more than \$1,000, or imprisoned not more than one year, or be subject to both such fine and imprisonment."

Penalty.

Approved July 17, 1957.

